Austria ... Sch 18	Indonesia .. Rp 2500	Portugal ... Esc 80
Bahrain .. Din 0.650	Italy .... L 1300	S. Arabia .. Rls 6.00
Belgium ... BFr 42	Japan Y550	Singapore . S$ 4.10
Canada ... C$1.00	Jordan ... Fils 500	Spain .... Pta 110
Cyprus ... C£0.60	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark .. Dkr 7.25	Lebanon .. £L 6.00	Sweden .. Skr 6.50
Egypt ..... E£1.00	Luxembourg . LFr 42	Switzerland SFr 2.20
Finland .. Fmk 6.00	Malaysia .. Rm 4.25	Taiwan ... NT $65
France .. FFr 6.00	Mexico .. Pes. 300	Tunisia .. Din 0.600
Germany . DM 2.20	Morocco .. Dh 6.00	Turkey .... L 210
Greece ...... Dr 70	Netherlands . fl 2.50	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway .. Nkr. 6.00	U.S.A. $1.00
India .... Rup. 15	Philippines . Pes. 20	

FINANCIAL TIMES

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London commodity markets face U.S. challenge, Page 14

World news

Hardline Sikhs reject accord

Hardline Sikhs rejected the settlement on the Punjab issue reached by the moderate Sikh party leader Mr Harchand Singh Longowal and Indian Prime Minister Rajiv Gandhi.

The United Akali Dal, the rival faction of Longowal's Akali Dal, described the settlement as a "sell-out." A militant section of the All-India Sikh Students' Federation also rejected the settlement.

It now remains to be seen which of the rival Akali Dal factions is more powerful. A security alert has been called in Punjab to prevent Sikh terrorists from resorting to violence. **Page 3**

Soviets call for ban

The chief Soviet negotiator at space arms talks with the U.S. said Moscow would insist on a research ban into star wars systems and dismissed U.S. arguments that this could not be verified.

Import fee proposed

U.S. Senate budget negotiators agreed to seek a $5 a barrel oil import fee to help to cut the federal deficit. The plan now goes to budget negotiators from the House of Representatives.

Commander replaced

Soviet Strategic Rocket Forces Commander Marshal Vladimir Tolubko, 70, was reported to have been replaced, a further sign of a major shake-up in the top ranks of the military.

EEC aid ban backed

EEC Industry Ministers endorsed the European Commission's plan to ban all operating aids to Community steel producers from December 31. **Page 2**

U.S. ban wine

Austria's wine scandal assumed worldwide proportions as sales were banned in the U.S. and media in both Japan and Hong Kong warned of possible contamination. **Page 16**

Jet crash clue

British researchers said the cockpit voice recorder of the Air-India jet that crashed off Ireland picked up a "sharp bang" a fraction of a second before it stopped working. Spectrum analysis will determine whether it was the sound of a bomb.

Train attack kills 61

Burmese rebels blew up a passenger train, killing 61 and wounding 112, on the main line between Rangoon and Mandalay.

Beirut bomb charges

Five men have been charged with blowing up the U.S. embassy in Beirut in April 1983. They face death sentences.

DC-6 jungle crash

Fog and the Amazon jungle hindered airborne rescue teams from reaching the wreckage of a Colombian air force DC-6, which crashed while en route to Bogota with 79 on board.

West Berlin stabbing

An Iranian member of a monarchist organisation was stabbed to death and his friend wounded in West Berlin after a clash with 15 Arabs, believed to be supporters of Iranian leader Ayatollah Khomeini.

Soccer ads halted

Violent behaviour of English soccer fans has caused Dutch lorry maker DAF Trucks to stop advertising at football grounds in England. Crowd control urged, **Page 6**

Lima bomb attack

Six car bombs exploded outside the Peruvian Interior Ministry only four days before the presidential inauguration of Social Democrat Alan Garcia.

Business summary

U.S. cuts economic growth forecast

THE U.S. has cut its forecast for economic growth in 1985 to about 3 per cent from the 3.9 per cent previously estimated, signalling a rise in the $230bn deficit projected for the 1986 fiscal year.

Last year the Gross National Product rose 5.7 per cent on a fourth-quarter to fourth-quarter basis. Following the disclosure that this year's GNP is lower than expected, it is not known whether projections for future years have been revised down.

As a rule of thumb, budget experts generally reckon that a loss of 1 per cent in the growth of real GNP, other things being equal, will add $15bn to the budget deficit. **Page 4**

WALL STREET: The Dow Jones industrial average closed up 4.71 at 1,353.81. **Page 36**

TOKYO blue chips retreated and left the Nikkei-Dow market average 130.00 lower at 12,647.03. **Page 36**

LONDON shares were unsettled by ICI results. The FT Ordinary index dropped 15.0 to 911.00. Gilts eased. **Page 36**

DOLLAR finished lower in London, falling to DM 2.864 (DM 2.8875), FFr 8.715 (FFr 8.77), SwFr 2.3385 (SwFr 2.367) and Y238.95 (Y239.75). On Bank of England figures the dollar's exchange rate index fell to 138.5 from 138.7. **Page 29**

STERLING was generally firm in London, gaining 1.4 cents against the dollar to $1.411. It was unchanged at DM 4.035 and rose to FFr 12.29 (FFr 12.23) and Y337.0 (Y335.0) but fell to SwFr 3.295 (SwFr 3.3075). The pound's exchange rate index was unchanged at 84.1. **Page 29**

GOLD: In New York the Comex August settlement was $319.60 fell 50 cents on the London bullion market to $317.75 and 45 cents in Zurich to $317.55. **Page 28**

FT GOLD MINES Index fell 39.1 to 330.2, its lowest point since September 1982 and a fall on the week of 74.7 Selling pressure on South African mining issues continued with Australian Golds recording further strong gains. **Page 36**

FOUR ARAB financial institutions have withdrawn from negotiations for about $280m of financing for construction of an Iraqi pipeline through Saudi Arabia, banking sources said.

IBM has taken the unusual step of denying it is about to launch a new line of desktop computers. Analysts hope its statement has removed some of the uncertainty that has contributed to depressed demand.

GENERAL DYNAMICS announced it would close its shipyard in Quincy, Massachusetts, next year and lay off 4,200 employees. The yard will close in mid-1986 when it completes a $700m contract for the U.S. Navy – the last contract it has in sight.

DELTA AIRLINES of the U.S. boosted annual earnings from $175.6m to $259.4m and is lifting its final dividend after a strong last quarter. **Page 17**

JOHNSON & JOHNSON, U.S. manufacturer of health care products, increased second-quarter earnings 30 per cent to $156.7m. **Page 17**

MARTIN MARIETTA, U.S. aerospace, data communications and construction material group, increased operating earnings from $74.2m to $122.04m in the second-quarter after a $100m pre-tax gain following the sale of a group division. **Page 17**

ITALY'S newly created unit trusts reached £9.073bn ($4.7bn) in investment funds at the end of June, an eightfold increase since the start of the year. **Page 17**

BOND Corporation Holdings, Australian brewing, property and resources group, announced a new bid for all the shares in Castlemaine Tooheys, valuing the brewer at A$1.098bn ($779m). **Page 19**

U.S. will maintain 'constructive links' with Pretoria

BY OUR FOREIGN STAFF

THE REAGAN Administration made clear yesterday that there would be no significant change in its "constructive engagement" policy towards South Africa despite Pretoria's declaration of a state of emergency last weekend.

Mr Larry Speakes, the White House spokesman, affirmed the Administration's continuing belief that its policy was "the correct one" of pressing for reform in the Republic through political and diplomatic channels shortly after the South African authorities revealed that another four blacks had been shot dead by police.

The shootings took place at a funeral on Wednesday in the East Rand township of Daveyton. The police said the dead, who included a 16-year-old girl, were part of a large crowd which had been stoning an army detachment.

Police presence at funerals of those killed in earlier clashes is seen by many blacks as provocative and has previously led to stonings followed by further deaths.

The authorities revealed that the total of detentions under the emergency laws had climbed to 795 and that stone-throwing and arson were continuing. They are not disclosing, however, which townships are affected.

Neither American nor British opposition to economic sanctions – repeated yesterday by the UK Prime Minister, Mrs Margaret Thatcher – deterred France from asking the UN Security Council yesterday to recommend all UN members to follow the French lead in suspending all new investments in South Africa.

The French proposal, which would not bind member-states if adopted, calls for the ban on the importing of Krugerrand, the suspension of loan guarantees to South Africa, a ban on new nuclear contracts and on the sale of information technology that could be used by the South African army and police.

The resolution also condemned arbitrary arrests and called for the lifting of the state of emergency.

In advance of the Security council's meeting last night, it was not clear what view the U.S. would take of the French resolution. Stressing that "its up to each country to determine its own policy," Mr Speakes said that the U.S. has made its view clear that "the South African Government must move promptly away from apartheid."

Separately, Mr George Shultz, the U.S. Secretary of State, reported that U.S.-South African relations are, "to put it mildly," strained. The current racial violence "demonstrates the folly of opposition," said Mr Shultz, who added that there was no doubt that apartheid would end, "the only question is how will it come about."

The South African state of emergency has left congressional strategists undecided about how to proceed following the passage of different versions of legislation by the Senate and the House which would impose sanctions against the Republic.

The current civil unrest is helping to rally support for tough legislation, but some politicians believe that to legislate now would force President Ronald Reagan to wield the veto so as to avoid being seen to be abruptly abandoning the constructive engagement policy.

In Europe, meanwhile, France's unilateral move to sanctions was welcomed in Scandinavia – where Denmark and Sweden are already applying their own measures – but looked unlikely to be immediately followed elsewhere.

Ford closes strike plant, Page 2; Why Paris got tough, Page 16

Opec majority agrees to reductions in oil prices

BY RICHARD JOHNS IN GENEVA

A MAJORITY of the 13 Organisation of Petroleum Exporting Countries yesterday agreed finally to cut the prices of Gulf heavy crudes by 50 cents per barrel and those of varieties with a medium gravity by 20 cents. But Algeria, Libya and Iran, as expected, dissociated themselves from the accord.

Sheikh Ahmed Zaki Yamani, Saudi oil minister, quickly agreed to what can only be regarded as an interim compromise. The accord is unlikely to affect a market which anyway had discounted in advance of the meeting any outcome which might try to shore up Opec's official price structure. It is also thought insufficient to resolve Saudi Arabia's own production problems.

In practice, the dissent of the three producers will have little effect on Opec's campaign to defend the price structure. The reductions basically involve crude oil in the range of 27-31 degrees API gravity produced by Saudi Arabia, Kuwait and Iran. Algeria and Libya do not observe their own high official selling rates of up to $31.50 per barrel, while Iran will certainly not charge more for its heavy crude than its Gulf rivals.

The cuts will do nothing, meanwhile, to revive demand for Saudi Arabia's oil from its traditional customers, in particular the four U.S. majors which are partners in the operations of the Arabian American Oil Company, if it adheres to official prices.

At $26 per barrel, Arabian Heavy 27 degrees gravity will still be $1 or so adrift from the current spot rate. That has led some delegates to speculate that Saudi Arabia, to increase exports in retaliation against discounts offered by nearly all other members, may try to sell more oil from floating storage. This would save purchasers transport costs and give an effective lower price.

In the short-term, traders say that spot market rates generally should remain firm because company inventories are now at a low level. The need for "prompt barrels" should buoy the market with the approach of autumn, until the next Opec meeting scheduled to start in Vienna on October 3.

Demand could rise to rather more than 16m barrels a day (b/d), the present agreed ceiling on collective output, in the last quarter of 1985 if there is no further drawdown on stocks, according to the most recent projections of the International Energy Agency.

By then, the common Opec hope is that improved market prospects should make it possible for agreement on a reallocation of quotas for the last quarter of this year. This would accommodate those demanding an increase in their own quotas and allow Saudi Arabia to fulfil its own entitlement.

That optimism looks at the moment as if it could prove illusory. It remains to be seen how strong will be the renewed commitment made by members here under the dogged tutelage of Sheikh Yamani to observe official prices

Lex, Page 16; Spot prices, Page 28

Goldsmith victory in battle for control of Crown Zellerbach

BY CHRIS CAMERON-JONES IN NEW YORK

SIR JAMES GOLDSMITH, the Anglo-French financier, yesterday won his five-month battle for control of Crown Zellerbach. After four days of peace talks with the rest of the board, Sir James emerged with chairmanship of the U.S. west coast forest products company and with majority representation of its board for his company, General Oriental Securities.

Mr William Creson, who led a fierce defensive campaign against the financier, though ousted from the chair, retains his posts as president and chief executive.

Mr Roland Franklin, an executive of several Goldsmith companies, becomes vice-chairman, while Crown's board is reduced from 12 to 11 members, with six directors to be designated by General Oriental.

Yesterday, Crown's shares fell by $1 to $38 when trading resumed after the announcement.

The company's restructuring plan, over which earlier peace moves foundered two weeks ago, will be modified – mainly along the lines proposed by Sir James. The plan, together with three other possible options aimed at maximising the value of the company for all shareholders, will now be examined by a special committee of the board, including three of Sir James's men.

The other options to be discussed are the purchase of additional Crown common shares by General Oriental, which already owns about 51 per cent of the 27.4m shares in issue, a tender by Crown for about 5m of its own shares for $41.50 each in cash or securities and possible transactions with third parties.

Mr Robert Pirie, president of Rothschild Inc, an adviser to Sir James, said yesterday that the last option could not involve a full takeover bid because of Crown's defence measures.

The restructuring would, if carried out, no longer involve the contentious issue of the transfer of Crown's timber properties to a liquidating partnership. Instead Sir James has insisted on maintaining full corporate ownership of these properties.

The agreement came after Sir James forced the board into new talks after carrying out his threat to use his "best efforts" to defeat the original restructuring plan. He did so by boosting his then 26 per cent holding through the purchase of large blocks of shares in the market, taking his holding over 50 per cent within a matter of days.

Continued on Page 16

Tax cuts to boost French corporate investments

By Paul Betts in Paris

FRANCE'S socialist Government will cut corporate taxes next year to encourage companies to reinvest their earnings in productive investments.

The tax cut is confirmed by M Pierre Bérégovoy, the French Finance and Economy Minister, in an interview published today in the French pro-socialist daily newspaper *Le Matin*.

Taxes on company profits will be reduced by 5 percentage point's to 45 per cent next year for all earnings ploughed back by a company into productive investments. The new fiscal incentive is expected to cost the Government between FFr 4bn ($456m) and FFr 5bn in lost revenue next year.

The corporate tax cut will replace an existing incentive for French companies allowing higher depreciation rates in the first year of an investment. To boost investments, the Government had allowed companies to amortise up to 70 per cent of a new investment in certain sectors in the first year, compared with the usual rate of 40 per cent.

This higher depreciation rate will be phased out at the end of this year and will be replaced by the new corporate tax cut. It is expected to represent a far more significant incentive to companies to make new investments than the faster depreciation rate because it involves a real saving, rather than an accounting mechanism to help corporate treasurers.

The Government hopes the new fiscal measure will help to support the current recovery in investment in France after a prolonged period of decline. Although industrial investment rose by 9.2 per cent last year after three years of decline, investment in other sectors continued to fall.

These have, however, now started to show signs of recovery and the Government is keen to sustain the pick-up. Earlier this week, M Bérégovoy said he was worried that companies might delay new investment while the Government waits to see how the political situation evolves in the run-up to the eneral elections next March.

The tax cut is also designed to encourage companies to spend a greater share of their earnings in new investments than in dividend payments.

Decline at ICI 'danger signal' for UK profits

BY TONY JACKSON IN LONDON

IMPERIAL CHEMICAL industries (ICI) yesterday blamed the strength of sterling for a second-quarter profits fall to £268m ($372m) against £287m a year before, and warned that the latest rise in the currency meant there was "more squeeze to come."

The worse-than-expected performance by Britain's biggest industrial company helped trigger a sharp fall in the stock market. The FT-Actuaries All-Share Index fell 1 per cent to 591.23, while the FT Ordinary Index closed 15 points down at 911.

The London share price dropped 30p to 660p, a low for the year, in active trading while in New York the group's shares, traded in the form of American Depositary Receipts, lost an early $1¼ to $37¾.

Although the results leave ICI's profits for the first six months virtually unchanged from last year at £535m, the London stock market saw the figures as a danger signal for other UK manufacturers. One analyst said: "If ICI is hit this badly, God help the rest of British industry."

ICI calculated that sterling's strength had reduced second-quarter profits by £50m to £60m compared with what they would have been at first-quarter exchange rates. Mr Trevor Harrison, the group treasurer, said: "We export around £700m a quarter. It does not take much of a rise in sterling to produce that effect on profits."

The translation effect on overseas subsidiaries' profits had also been an important factor, Although less critical.

The company emphasised that it was sterling's strength against the D-Mark, rather than the dollar which had put pressure on margins. Sales of agrochemicals in the U.S. had, in fact, done "particularly well" in the second quarter.

In addition, dollar weakness helped the group's raw material prices in Britain, although the effects of this would show through only in the third quarter.

Sterling's rise against the D-Mark is thought to have wiped out most of the improvements in competitiveness against the West German chemicals industry, with the Americans its main rivals, achieved by the group since 1980.

ICI agreed that its results were a good indication of what was happening to the rest of British industry. Mr Harrison said: "Remember

Continued on Page 16

Aluminium industry in chaos; Lex, Page 16; Details, Page 22

Fresh pressure on Lawson to cut rates

BY MAX WILKINSON IN LONDON

FRESH pressure on Mr Nigel Lawson, the UK Chancellor of the Exchequer, to cut base lending rates came yesterday when Abbey National, Britain's second largest building society, announced cheaper home loans.

The mortgage rate cut – three quarters of a percentage point to 13.25 per cent for new borrowers – came against a background of continued firmness of sterling and a slight weakening of the dollar in confused trading in London, where the pound closed at $1.411.

Mr Lawson has emphasised that a further fall in the dollar could be an important factor which could persuade him to engineer another cut in base rates.

For the time being, however, the authorities seem content to watch sterling consolidate its position at a level about 18 per cent higher than in January.

In the House of Commons yesterday, Mr Lawson repeated his view that interest rates must remain high enough to create the restrictive monetary conditions which will continue to bear down on inflation.

In the City of London there was no expectation yesterday of any imminent move by the authorities, although it is generally agreed that the next move on base rates will be a ½-point cut from the current 12 per cent.

Abbey National's move on mortgages is expected to be followed next week by the Halifax. Other major building societies said they hoped to cut their rates in September.

Money markets, Page 29

CONTENTS

EEC ministers give broad support to ending steel aids

BY IVO DAWNAY IN BRUSSELS

EEC INDUSTRY ministers yesterday broadly endorsed the European Commission's plan to ban all operating aids to Community steel producers from December 31. But decisions over whether state financing for plant closures should be allowed to continue will be the main battle ground for the autumn when detailed negotiations begin on the Commission's proposal.

There is also expected to be a tense debate over the future of current quotas on each member state's output. Ministers agreed yesterday, however, that all production ceilings will be phased out over a maximum period of three years.

The Ten also accepted that the present minimum price system for steel products will be ended, possibly as soon as next year.

Under the Commission's original five-year programme for restructuring the Community's steel industry (the so-called Davignon Plan), all state aid for producers was due to be terminated at the end of this year. But though 30m tonnes of capacity and 200,000 jobs have been discarded, forecasts published last month claimed that a further 24.5m tonnes must be stripped out if the industry is to be fully viable by 1990.

Consequently, the Commission's proposals, presented last week, insist that aids for plant closures, environmental schemes and research and development should be allowed to continue.

West Germany is vigorously opposed to closure aids. It claims that companies receiving finance to ease redundancy or demolition programmes will use the money saved to increase their competitiveness at the expense of West German producers.

As most other member states back the closure aids plan, the UK has proposed a compromise allowing financing for shutdowns only where it is clear that whole companies or plants are going out of production. This, for example, would rule out the option of shutting down a single furnace to make others more profitable.

Britain opposes, however, another Commission scheme for a two-phased elimination of production quotas, favouring instead a single time period.

Other wrangles expected to be high on the agenda when talks resume on October 17 include an Italian demand to retain some investment aids, and Greek insistence on a larger slice of the quotas currently allocated.

● Negotiations between the Commission and the U.S. over Community exports of 17 steel products are set to continue at least until the weekend, industry ministers heard yesterday. If agreement is not reached, ministers will have to decide next week on possible retaliatory action against the U.S. if threatened quotas are applied unilaterally.

Spanish exports show 10% fall in first half

BY DAVID WHITE IN MADRID

SPANISH EXPORTS fell by about 10 per cent in dollar terms in the first half of this year, reversing the dynamic trend seen in the 1984 period, according to customs figures.

June showed a particularly steep drop of 18 per cent, with export receipts also falling in pesetas by 7 per cent.

Food, textiles and cars have all been hit, although exports of Spanish steel, chemicals and machinery have increased.

The fall leaves a trade deficit for the six months of $3.24bn, an increase of 40 per cent over the figure published at the same stage last year.

The change in the export trend, which last year pulled Spain's balance of payments into a $2bn current account surplus, reflects the slowdown in the U.S. economy and a loss in competitiveness against EEC trading partners as a result of the peseta's relative strength last year.

The Madrid authorities are currently aiming to let the peseta float down to more competitive levels against the main EEC currencies.

Government officials are meanwhile drawing some comfort from the increased trade deficit, pointing to the stronger import trend as a sign of economic recovery.

Polish MPs fight curbs on university autonomy

BY CHRISTOPHER BOBINSKI IN WARSAW

MR EDMUND OSMANCZYK, a Polish MP, yesterday warned his colleagues that it would be "highly immoral" if they were to disregard academic opinion and pass controversial changes in the higher education law limiting university autonomy.

His view was echoed by Mr Janusz Zablocki, a Catholic MP, whose outspoken speech forced government supporters and Professor Benon Miskiewicz, the Higher Education Minister, on to the floor of the House to defend their policy.

Mr Osmanczyk had accused the Minister of working "stubbornly" to modify the law, and said "the stubbornness of an individual minister should be no criterion for parliament."

"Ministers come and go . . . but the academic and moral authority of our university teachers is a constant value for our culture and our state," he told a largely hostile chamber, which responded to his passionate speech with a smattering of applause.

The changes, which in recent months have been opposed by the great majority of university opinion, were passed, however, by 327 to five, with nine abstensions.

The changes give the minister a greater say over the choice of university rectors and shifts the balance of influence inside the universities to senior academic staff whom the Government assumes will be less radical than the junior teachers and students.

Communist party organisations are to be given more say over university decisions and appointments, and student representative bodies are to be strictly controlled by government regulations.

The fear at present is that the changes open the way to purges in the universities in the autumn. But it may well be that the Government will proceed cautiously for fear of student unrest.

Wine with anti-freeze seized in France

MARSEILLES – Police in Marseilles seized 90,000 bottles of Austrian wine after tests revealed the presence of diethylene glycol, an anti-freeze chemical, the importer's spokesman said yesterday.

In Berne, Swiss officials said they had discovered Austrian wine containing a dangerous amount of diethylene glycol.

A spokesman in Marseilles for importer Claude Cherki said police had impounded the wine after experts visited the company's warehouse and carried out tests.

Under strict French laws concerning wine additives, diethylene glycol is banned. The Cherki spokesman said it was apparently used to boost the alcohol content and sweeten the taste.

The Swiss Federal Health Office said a Burgenland Beerenauslese wine was found by experts to contain 13.5 grammes a litre of the chemical which, it said, was dangerous to health. The health office recommended abstention from all Austrian wine while tests continued.

Reuter

Turkey opts for U.S. advice on privatisation

By David Barchard in Ankara

MORGAN GUARANTY, of the U.S., has been selected by the Turkish Government to draw up a master plan for privatising some of Turkey's state economic enterprises (SEEs).

The Wall Street investment adviser was one of eight foreign banks and finance houses invited to bid for the contract last May.

Three sectoral contracts are also to be awarded under the project, whose external financing cost of about $2.5m is being met by the World Bank.

The Boston Consultancy Group will study means of privatising textile enterprises at present owned by the Sumerbank, a local concern. Sema Metra of France will review ways of privatising state-owned cement plants. Arthur D. Little will handle plans for privatising the fertiliser sector.

The public sector accounts for more than 60 per cent of fixed investment and about 35 per cent of output and employment in Turkey.

The SEEs made huge losses until reforms were introduced in 1980 because their prices were fixed by the Government. Since 1980, most have made operating profits, and last year they are thought to have made a total profit of TL 230bn (£300m).

European aircraft project in balance

BONN – President François Mitterrand of France and Herr Manfred Wörner, the West German Defence Minister, have failed to agree on plans aimed at rescuing the European jet fighter project, officials said yesterday.

A Defence Ministry spokesman said talks between the two men in Paris on Wednesday ended with no firm conclusions on whether the five-nation project could be saved or should be scrapped.

However, Herr Wörner reiterated yesterday his insistence on a final verdict by the end of this month and said Bonn would seek a smaller consortium if the five states failed to achieve an accord on the $20bn project in the coming week.

Reuter

Olli V. Virtanen looks at the man behind the Conference on Security and Co-operation in Europe

Blazing the path to Finnish neutrality

TEN YEARS ago he was at the top of his career. When he hosted 35 heads of state at the Conference on Security and Co-operation in Europe (CSCE), Finland's president Urho Kekkonen was finally able to see the fruits of his initiative. At the same time, he crowned his life's work in seeking recognition for Finland's neutrality.

Next Tuesday, when foreign ministers from 33 European countries, the U.S. and Canada convene in Helsinki to celebrate the 10th anniversary of the CSCE, Mr Kekkonen, 84, will be conspicuouly absent. Suffering from irregularities of blood circulation in the brain, he resigned in October 1981. Today he is still confined to his former official residence in Helsinki, where he does not receive any visitors.

Mr Kekkonen's slide into obscurity has raised many questions in Finland and abroad.

Ever since resigning he has only seen his closest family (his wife died in 1974 and one of his two sons died a couple of weeks ago). The only other people who see him occasionally are his two doctors and a small number of security men who take him on short outings. No one in his "inner circle," of friends has been able to visit him.

The restrictions are not imposed by officials or even doctors. His family, most notably his son Matti Kekkonen, the highest-ranking civil servant at the Minstry of Agriculture and Forestry, has decided to let him "rest quietly."

The family has published occasional announcements of Mr Kekkonen's condition. The latest one came out last week and said he was constantly suffering from severe bouts of amnesia and was not able to see visitors. From time to time he has had mild infections in the lungs, which also weaken his general condition.

Mr Kekkonen, a former Finnish champion high jumper, is indisputably the most prominent politician in Finland's post-war history. He became Minister of Justice in 1936 and held various seats in the Government, including five tenures as a prime minister until becoming president in 1956. He was also member of parliament representing the Agrarian Party in 1936-56.

Early in his career he was more respected than loved. He was a shrewd tactician and many of his contemporaries accused him of forceful elbowing. Right after he was elected president by 151 votes against 149, he was probably the most criticised Finnish politician ever.

Nevertheless he had a clear vision of what to do. His main objective was to cement friendly ties with the Soviet Union while retaining the neutrality of Finland. In the post-war days when emotions towards Finland's old enemy still ran high, that was no small job. Gradually the foreign policy line named after him and his predecessor, Mr J. K. Paasikivi, became generally accepted.

On the domestic scene his actions were more erratic. After uniting

Kekkonen: now suffering from amnesia

practically all parties behind his foreign policy and establishing himself as the father of the nation, he used his position well beyond the official powers of the presidency.

He took part in unblocking wage negotiations and frequently sent personal "dressing-down" letters to high-ranking Finnish politicians and civil servants. Later he often publicised those letters.

He once said, "If something must be in a mess, let it be domestic policy," indicating that in foreign affairs one must tread very carefully.

Much of his success in foreign policy was based on close personal relations, particularly with leaders in the Kremlin. The Soviet Union learned to trust Finland after Mr Kekkonen had converted the nation. On the other hand, Mr Kekkonen also retained his ability to say "no" to Moscow when he felt like it. A proposal for joint military exercises was one that he turned down.

Finland has developed a unique way of maintaining permanent good relations with the Soviet Union. Finns refrain from criticising the Soviet Union in many cases for fear of antagonising that country just for the sake of it.

However, Finnish officials say that this is a small price to pay for independence and profitable trade relations.

Moscow's recognition of Finland's neutrality was only part of the picture in the late 1960s and early 1970s. At that time Mr Kekkonen sought actively to gain wider recognition through words and deeds. For example, Finland was the first country to give equal recognition for both Germanys, thus indicating its own impartiality.

A conference on Europe's security, Mr Kekkonen calculated, would melt frosty relations between East and West and apply the final seal to the concept of a neutral Finland.

Getting the 35 heads of state together in Helsinki was the culmination point for both President Kekkonen and in some ways also for Finland's active foreign policy.

Mr Kekkonen indicated willingness to step down shortly before the 1968 presidential election. After winning the election, he carried on and in 1974 he was re-elected by a special act of parliament because he refused to take part in what he predicted would be a mud-slinging election campaign. In 1978 he took part in the presidential elections again and was elected by an overwhelming majority.

At that time, many observers noted, he was beginning to show signs of illness, which mainly appeared as bouts of amnesia.

The new president, Mauno Koivisto, took office in January 1982 and his style differs dramatically. Mr Koivisto is a man of low profile. He carefully treads the path chosen by President Kekkonen, but he refrains from embarking upon spectacular foreign policy initiatives.

Thus Finland will continue to keep good bilateral relations with all countries, but will not pioneer any more bridge-building ideas.

For a statesman of Mr Kekkonen's stature, the present state of his affairs is saddening. Even the Finnish public only gets a short announcement – often that he is "in stable condition" – two or three times a year.

Yugoslavia lays claim to Troy

By Aleksandar Lebl in Belgrade

YOU MAY think it pretty well established that the site of ancient Troy was on the western tip of Asia Minor. But a Mexican philologist believes it was actually in present-day Yugoslavia, and has just written, in Spanish, a book to "prove" it.

Now, without waiting for the "proof" to be translated into a language they can read, the Yugoslav tour operators, desperate to boost the invisible earnings Yugoslavia badly needs, are jumping on the band wagon, or Trojan Horse, to attract the archaeologically minded tourist into the country.

According to Sr Roberto Salinas Price's hypothesis in his book "Homer's Blind Audience," Homer's River Scamander with its seven tributaries is actually the River Neretva which flows through Hercegovina in Yugoslavia. And the city of Troy was what is now the village of Gabela, close to the town of Capljina.

Sr Salinas Price says Homer's setting of Ilium, or Troy, according to the constellation of sun and stars, fits Gabela in Yugoslavia far better than Hissarlik in Turkey, which Schliemann, the German archaeologist first declared to be the site of ancient Troy in 1872.

The Mexican revisionist claims that Schliemann, apart from his own sleight of hand at Hissarlik in "discovering" Priam's treasures, which had in fact been brought from elsewhere, was also the victim of forgery by the ancient Greeks. The latter, Sr Salinas Price says, "adapted" Homer's poetry to their political and religious needs and "built" a false Troy in Asia Minor when the real one was near the Adriatic.

Plausible or not, the Salinas Price theory is seen here as a a godsend to the Yugoslav tourist industry, and anyone casting doubt on the new thesis is regarded as virtual traitor to the cause of Yugoslavia's invisible earnings.

Changes at top of Soviet military hierarchy

BY PATRICK COCKBURN IN MOSCOW

A SENIOR Soviet general yesterday confirmed some, but not all, of the widely-rumoured changes at the top of the Soviet military hierarchy.

At a Moscow news conference, General Nikolai Chervov said that Marshal Vladimir Tolubko, the 70-year-old commander of all the Soviet nuclear rocket forces, had been replaced, as had the 77-year-old General Alexei Yepishev, the long time head of the Red Army's Political Directorate.

But asked about the most significant reported change—the re-emergence of Marshal Nikolai Ogarkov, the former chief of staff, to be the new commander of the Warsaw Pact forces—General Chervov said: "We do not have such information."

The changes in the senior ranks of the armed forces do not necessarily imply any change in Soviet defence policy or in the disarmament negotiations with the U.S.

Gen Chevrov, the chief of arms control issues for the Soviet armed forces, and Mr Yuli Kvitsinsky, the chief Soviet negotiator on space arms in the Geneva talks with the U.S., both emphasised at a news conference here yesterday that there could be no progress in the disarmament talks if the U.S. continued to develop space weapons.

General Chervov pictured at yesterday's news conference.

Mr Eduard Shevardnadze, the new Soviet Foreign Minister, is likely to emphasise the same theme when he meets Mr George Shultz, his U.S. counterpart, in Helsinki next week.

Mr Kvitsinsky accused the U.S. of reneging on the agreement reached in Geneva in January that progress in the three part disarmament talks was interlinked, that progress in the talks on limiting intermediate and strategic nuclear missiles depended on progress on limiting weapons in space.

The Soviet Union has accused the U.S. of trying to erode the basis of mutual nuclear deterrence through its Strategic Defence Initiative, the so-called "Star Wars" project. Gen Chevrov said yesterday that Star Wars is an attempt by the U.S. to develop the capacity to launch a first strike with impunity.

He said "the Soviet Union has the economic and intellectual capability" to counter the SDI, though not necessarily by creating a Soviet version of the same system. He said that in the early 1970s, the Soviet Union had not possessed multiple nuclear warheads (Mirvs), and had "pleaded with Nixon and Kissinger not to develop Mirved systems." But when the U.S. did deploy them Moscow was able to follow suit.

Mr Kvitsinksy refused to elaborate on Soviet counter measures to Star Wars

Countering the argument that the SDI is only at the research stage, Gen Chevrov said that no firm distinction could be drawn between research and development.

He and Mr Kvitsinsky both said that research on Star Wars can be verified and therefore the SDI can be effectively banned. The U.S. and Britain have argued that, as research cannot be verified, no ban is worth negotiating.

U.S. wins release of Romanian dissidents

BY DAVID BUCHAN

THE U.S. Administration has secured the release of two of Romania's most prominent dissidents, as well as a sharp rise in general emigration, in return for continuing "most favoured nation" (MFN) tariff treatment for Romanian goods in the U.S. market.

Mr Dorin Tudoran, a poet and Romania's leading literary dissident, had been unaccounted for since he began a hunger strike in mid-April in support of his application for an exit visa. He re-appeared this week in Rome, where he said he was on his way to the U.S.

Senator Robert Dole, the Republican majority leader, also announced in Washington that Father Gheorge Calciu, a dissident priest who has been under house arrest since his release from prison last year, would soon be allowed to leave Romania.

Senator Dole's announcement, made on the U.S. Administration's behalf, came during Congressional hearings this week. Last month, the Administration recommended renewal of MFN status for Romania for another year until mid-1986. Congress now seems likely to approve this in view of the upsurge in Romanian emigration. U.S. law ties tariff concessions to Communist countries to a requirement that they allow free emigration.

According to Administration figures, more than 21,000 people were allowed to leave Romania last year, chiefly to West Germany, the U.S. and Israel, in that order. Romanians now account for more than half of all the legal immigrants which the U.S. receives from Eastern Europe.

Little reason for champagne corks to fly at Helsinki celebrations

Robert Mauthner, Diplomatic Correspondent, examines the Agreement's failure to come up to its expectations

NEXT TUESDAY, the Foreign Ministers of 35 Western, Eastern, neutral and non-aligned states will gather for three days in the Finnish capital to celebrate the 10th anniversary of the signature of the Final Act of the so-called Helsinki Agreement on Security and Co-operation in Europe.

They will be ignoring the advice of a prominent Western Foreign Minister, whose frustration with the sterility of the endless Helsinki process led him to make the historic judgment that "if the occasion is to be commemorated at all, it should be by two minutes' silence."

Many a true word is spoken in jest. What started off in the glow of former West German Chancellor Willy Brandt's *Ostpolitik* and the aftermath of the Quadripartite Agreement on Berlin as an attempt to translate East-West detente in Europe into concrete achievements, has singularly failed to come up to expectations.

The seed of that failure was sown by the Final Act itself, a document divided into three so-called "baskets," dealing respectively with questions relating to security in Europe, economic, scientific and technological co-operation and the famous "basket three" on human rights.

Few people, in either the West or the East, would quarrel with the entirely laudable aims of the Final Act and, particularly, with its 10 guiding principles. But that does not alter the fact that it represented a compromise between the fundamental concerns of the Eastern and Western group of nations.

The Russians' main aim was undoubtedly to win recognition for the post-war frontiers of Europe and to obtain a guarantee of their inviolability. The West, on the other hand, was not prepared to give away such an important card without a substantial *quid pro quo* on the respect for basic human rights, the freedom to travel and free access to information.

Both sides certainly got their way in the Final Act, but the spectrum of principles in the document is wide enough to permit everyone a let-out. So, when the West demands that Moscow should respect the fundamental freedoms of the internally exiled Soviet Nobel prize-winner, Dr Andrei Sakharov, in accordance with principle VII of the Helsinki agreement, the Soviets can point to another principle pledging signatories to the non-intervention in the internal affairs of other states.

Equally, the Soviet concern about the inviolability of frontiers is clearly dealt with in the document. But if the Russians thought that this would set Europe's post-war frontiers in concrete for all time, they were mistaken.

The Western nations managed to slip into Principle I the crucial phrase that "frontiers can be changed, in accordance with international law, by peaceful means and by agreement."

Such contradictions can be overcome only if there is a genuine will on the part of the signatories to do so. The biggest stumbling block to progress so far has undoubtedly been the absence of Moscow's will to implement the human rights provisions of the Helsinki agreement.

Bitter squabbles between East and West on this subject have marked both the Belgrade and Madrid follow-up conferences in 1977 and 1980-83 and, more recently, the six-week Ottawa conference, which was specifically organised this year to review the implementation of the human rights provisions of the Final Act.

In Ottawa, the Soviet Union and its allies tried to divert attention from their own violation of human rights, as understood in the West, to economic and social rights. Complaints by the U.S. that Jewish emigration from the Soviet Union had fallen from 50,000 in 1979 to no more than 900 last year received the glib reply that the reason was that most Jews who had wanted to leave the Soviet Union had already done so.

But what about the millions of unemployed, the racial discrimination and the lack of sufficient housing in Western countries, the Soviet delegation asked? Was that not a violation of human rights?

The Eastern bloc had made a good debating point, but it was hardly what the Helsinki provisions on human rights are all about, as the text of the Final Act makes perfectly clear. The U.S. delegate in Ottawa was quick to point out that in his country, a citizen could ask the courts to protect his or her political and civil rights, whereas economic and social rights were matters of government policy.

One of the most striking examples of the Soviet Union's attitude to the human rights provisions of the Final Act is how it has treated the Helsinki monitoring groups, set up in the Soviet Union to watch over the implementation of the agreement.

Mr Malcolm Rifkind, the Minister of State at the Foreign Office who deals with East-West relations, said recently that of the 75 people who were known to be involved in these groups in the Soviet Union, 40 were in labour camps, prisons or psychiatric hospitals, 20 had served prison sentences and a further 15 were in exile.

The U.S. delegate to the Ottawa conference, Mr Richard Shifter claimed that three members of Soviet monitoring groups had died last year in labour camps of maltreatment or medical neglect.

In these circumstances, it is hardly surprising that the Helsinki process has not shown better results. Even the atmosphere in Helsinki offsprings dealing purely with security problems, like the Stockholm Conference on Confidence and Security-building Measures and Disarmament in Europe, has been affected by the human rights stalemate.

The Stockholm conference, which began in January 1984 and is due to end in 1986, has at least discussed proposals in a more or less constructive spirit since the end of last year. These include a Western proposal for 45 days' notification of "out-of-garrison" military activities involving a specified number of troops and a Soviet proposal for a declaration on the non-use of force.

However, Western delegations have been pointing to the statement in the Final Act which unequivocally affirms that all the principles in the agreement will be equally applied, "each of them taking into account the others."

In other words, the West is unlikely to accept significant agreements on security questions in the absence of parallel progress on human rights problems. The U.S. has even extended this principle to the Geneva nuclear arms negotiations, though that must be taken with a pinch of salt.

Whatever their anger with the Soviet Union for its failure to respect fundamental human rights, most Western governments do not contemplate withdrawing from the Helsinki process altogether. The main value for the West of the Helsinki agreement is that it allows the human rights question to be placed fairly and squarely on the agenda of every meeting with the Soviet Union and its allies.

In the words of Mr Rifkind: "The extent to which we have seen these issues become not just an element but a major element in East-West relations would be unlikely to have been possible without the documentary and legalised basis on which we can raise these issues and constantly press on them."

It might not be a cause for great tenth anniversary celebrations in Helsinki, but it could be sufficient reason for allowing the process to grind on a bit longer.

A prominent Western foreign minister once said that if the Helsinki Agreement on Security and Co-operation in Europe 'is to be commemorated at all, it should be by two minutes silence.' When 35 foreign ministers meet in the Finnish capital next Tuesday, one of their tasks will be to assess the future of the process.

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Japan sees change in attitude to dollar

By Jurek Martin in Tokyo

JAPANESE monetary authorities believe that the psychology of the Japanese investor towards the dollar is undergoing a possibly important shift, which could be the harbinger of a stronger yen.

A senior Bank of Japan official disclosed yesterday that the balance of payments figures for June, to be announced next week, will show long-term capital outflow at record levels—by implication in the $8bn (£5.7bn) and over range.

The drain of Japanese savings to the U.S. has regularly been cited by the bank as a major cause of the yen's weakness against the dollar.

However, he maintained that the composition of the outflow appeared to be changing in ways that would not necessarily show up in the balance of payments statistics.

Whereas for much of the period of the dollar's hegemony, Japanese investors had been prepared to hold the U.S. currency, uncovered, for a protracted time, the evidence now was of much more forward covering, through foreign currency borrowing and investment in U.S. securities.

He cited internal Bank of Japan studies which showed that last year investors were holding their dollar financial investments for an average of 25 months, while by this spring this had fallen to a mere 7 months.

A year ago, he said, Japanese investors seemed confident of both the continuing strength of the dollar and another of its underpinnings—the persistence of big interest rate differentials between Japan and the U.S. The yen thus remained weak.

Yet in June, even though the "statistically" long-term capital outflow was at record proportions, the yen began to appreciate against the dollar. It has continued reasonably strong since in spite of the recent widening of interest rate differentials to over four basis points.

The IMF defines long-term capital as assets and instruments of more than one year's maturity, or without expiration date. The fact that, in practice, Japanese holdings of such nominally long-term capital instruments had fallen to well under a year would not, the official said, be fully expressed in the balance of payments statistics; nor would, necessarily, forward selling of dollars to Japanese importers be reflected.

His contention—that the composition of the outflow now matters more than its magnitude—also represents a shift in the Bank of Japan's own analysis of the foreign exchange markets. This may have some defensive purpose, against market nervousness when the size of the outflow is revealed next week.

The official did not, however, feel that any monetary policy response was required. It should remain, he argued, reasonably accommodating, in effect, "an inaction programme."

He added that "our best policy should be to reduce interest rate differentials by not moving if and when interest rates in the U.S. fall further." He preferred not to contemplate the possibility of higher U.S. rates.

Shanghai mayor quits

Shanghai Mayor Wang Daohan has resigned after a five-year tenure in which he reportedly angered Communist Party leaders by not implementing economic reforms in China's industrial centre, AP reports from Peking.

He announced his resignation on Wednesday

Sikh hardliners reject Punjab settlement

BY K. K. SHARMA IN NEW DELHI

THE HARDLINE faction of the Akali Dal, the Sikh's political party yesterday rejected the settlement on the Punjab issue reached by party leader Mr Harchand Singh Longowal on Wednesday with Mr Rajiv Gandhi, the Indian Prime Minister.

A meeting of the hardliners, who are led by Mr Joginder Singh, 80-year-old father of the extremist leader Sant Jarnail Singh Bhindranwal killed last year, described the settlement as a "sell-out."

The settlement was also rejected by a militant section of the all-India Sikh Students Federation, which is thought to have been behind a number of terrorist attacks in the past three years.

It remains to be seen which of the rival Akali Dal factions will command the support of the Sikh community as a whole. The Indian Government seems certain that Mr Longowal's moderate faction has a majority, but this will be put to the test only when the settlement is put into effect.

The hardliners are expected to renew a call for agitation to achieve their demands for political and religious autonomy based on the controversial Anandpursahib resolution. This has been referred to a commission looking into federal state relations under Wednesday's agreement.

Police and troops were put on alert in Punjab yesterday to prevent Sikh terrorists resorting to violence. In the past, killings or bomb explosions have accompanied any moves towards peace in Punjab.

There was a sense of elation in India following the agreement which could put an end to sectarian strife between Sikhs and Hindus.

Mr Gandhi received widespread praise for his efforts to solve the Sikh issue. The Congress-I Parliamentary Party congratulated him for his "political sagacity and statesmanship" in handling such a delicate issue so soon after taking over as Prime Minister.

Mr Gandhi has promised to help the state of Haryana build a new capital in place of Chandigarh which will become the exclusive capital of neighbouring Punjab from next January under the settlement signed with Mr Longowal.

Iran prepares its presidential election list

THE FINAL line-up of the candidates competing in Iran's forthcoming presidential election is expected to be known tomorrow, after the 50 names have been assessed by the Guardians Council for the Protection of the Constitution, reports Kathy Evans.

The candidates will be assessed on their high moral standing and dedication to the ideals of the Islamic Republic. Candidates must have proven political experience and "no propensity for deviations from the standards set by Islam."

Most observers in Iran agree that the incumbent president Ali Khamenei will be returned to office. His only serious challenger seems to be the surprise candidate Dr Mehdi Bazargan, who earlier this week declared his intention to run. Other nominees include Habibollah Asgarowladi, a former Trade Minister, and Ali Akhbar Parvarish, once Minister of Education. The remaining candidates appear to be unknown to the general public.

Dr Bazargan is deemed by many observers, both inside and outside Iran, to be a moderate. He headed the first provisional Government after the Islamic revolution in 1979, resigning in November of that year following the seizure of the American embassy in Tehran.

Dr Bazargan currently heads the Freedom Movement, which has attracted support from many of Iran's liberals and other former Ministers. Many Iranians believe that the Freedom Movement offers the only hope of peace in the Gulf War, for Dr Bazargan does not believe in the continuation of the war with the aim of capturing more Iraqi territory.

Dr Bazargan had earlier made it clear that he would not run for office until the Government agreed to reopen his party headquarters and his newspaper, Al Misan (The Scales). This week, the party's office was unexpectedly allowed to reopen and there are suggestions that the newspaper may resume publication shortly.

These events came two weeks after Dr Bazargan made a personal appeal in a letter to Ayatollah Ruhollah Khomeini, the Iranian leader, that the election should be held in an atmosphere of freedom, in accordance with the Islamic constitution.

Last February, a demonstration by Hizbollah, the Party of God movement, took place outside the Freedom Movement's offices, in protest at a meeting called by Dr Bazargan timed to coincide with the sixth anniversary of the revolution. The party's office was ransacked and Dr Bazargan taken into custody. He was later released.

In recent weeks, the Freedom Movement has attracted increased criticism from the clergy, including parliamentary speaker, Hoj Hashemi Rafsanjani, who has been referring to party members as perverts and counter-revolutionaries. Some observers have speculated that the Government has decided to let Dr Bazargan run so that the support for the existing regime will be underlined.

TAIWAN TO EXCHANGE WEAPONS FOR OIL

THE Taiwan Government has reached an agreement with Iran under which $300m-$400m worth of Iranian crude oil will be exchanged for weapons of Taiwanese manufacture, writes Our Foreign Staff in London.

The weapons, it is reliably understood, would include such light items as mortars, rifles, ammunition and artillery rounds, which Taiwan now manufactures and which Iran would use in its war with Iraq.

Taiwan's motives for the exchange, apart from guaranteeing further stocks of petroleum, appear to be a mixture of profit-seeking and politics.

Mr Hashemi Rafsanjani, the speaker of Iran's parliament and the second most powerful man in the country after the Ayatollah Khomeini, has been in China trying to promote a similar deal with the Chinese.

The Taiwanese would like to steal a political march on the Chinese by garnering as much of the weapons contracts as possible.

Taiwan Government officials today either denied, or denied knowledge of, a barter arrangement between Taiwan and Iran, writes Bob King in Taipie. One official cited Taiwan's close ties with Saudi Arabia, which supports Iraq in the Gulf war and which would be likely to disapprove strongly of weapons sales to Iran. He also said Taiwan considers the Iranian situation unstable and so would hesitate to do business with that nation.

President Ali Khamenei (top) is expected to be returned to office. His only challenge may come from a moderate, Mehdi Bazargan

South Africa Ford plant closed after five-day stoppage

BY JIM JONES IN JOHANNESBURG

THE STRIKE of 1,250 workers at five Seimens' factories in South Africa ended yesterday with the almost complete capitulation by the union, while the Ford assembly plant in Port Elizabeth was closed following a five-day strike.

Siemens fired 1,250 members of the Metal and Allied Workers' Union (Mawu), who had struck in support of wage claims. Mawu had demanded that its members wages be increased by R1 an hour rather than by the 14 cents an hour agreed on an industry-wide basis.

South African Motor Corp (SAMCOR), which makes Ford cars, said it had closed the plant employing 1,500 workers indefinitely because of a week-old pay strike by workers. SAMCOR, 58 per cent owned by Anglo American group and 42 per cent by Ford Canada, was planning to close the plant at the end of the year and move production to Pretoria. This plan, it said, had no connection with the strike.

The National Automobile and Allied Workers' Union (Naswu) went into dispute with Ford last week when the company said that half-yearly wage increases were to be paid from May 1 rather than February 1 as paid by other automotive industry employers.

The dispute was further exacerbated by Ford's subsequent announcement that the second-half pay increases would take effect on November 1 rather than August 1 as agreed by General Motors, Volkswagen and Mercedes Benz.

Siemens warned the union on Wednesday this week that it would begin hiring replacements for the people who had been dismissed unless Mawu agreed that the men be rehired and that it accepted the industry-wide 14 cents an hour pay increase. Yesterday Mawu accepted the conditions and Siemens is to begin re-hiring all but 40 of the fired strikers on Monday.

Siemens has refused to hire 40 of the strikers alleging that they intimidated other employees

Mawu, which last week motivated its one rand an hour demand by pointing to the fact that Siemens' world-wide profits rose to DM 1.4bn in 1984, has reserved the right to continue negotiating for higher wages.

Uganda army rebellion

FIGHTING HAS broken out between rival army groups in north-central Uganda, while anti-Government guerrillas have seized the western town of Fort Portal, Ugandan and Western relief officials and diplomats said yesterday, AP reports

The rebellion in the army, along tribal lines, and advances by the insurgents pose the gravest problem for President Milton Obote since he returned to power in December 1980, said the informants in Kampala.

A clash between Government forces loyal to the armed forces commander, Gen Tito Okello, a member of the Acholi tribe, and the army chief of staff, Brig Smith Opon Acak, a Langi tribesman like Mr Obote, began on Monday near Karuma Falls, they said.

Singapore notes the value of currency

BY CHRIS SHERWELL, SOUTH-EAST ASIA CORRESPONDENT

SINGAPORE'S 2.5m people are among the greatest savers in the world. The island state's savings ratio is more than 40 per cent, and when it comes to cash they do things in a big way.

Take the less-than-humble S$10,000 bill, worth £4,725 and probably the planet's most valuable currency note. In 1984, the value of S$10,000 bills in circulation in Singapore exceeded the value of S$1 notes in circulation—and of S$5 and S$20 notes. The same was true for the previous four years.

The S$1,000 note accounted for more than one fifth of the total amount of cash in circulation, second only to the highly-popular S$50 note, which took just under 30 per cent.

The figures are contained in the otherwise ordinary annual report of the Board of Commissioners of Currency, the the Singapore Government agency responsible for issuing currency. The trends seem a little odd.

Not only is Singapore a saving society, it is also one which is striving to go "cashless." It has just started an electronic funds transfer system in selected shops, and automated giro, cheque clearing and interbank clearing schemes are in use. Bank teller machines have proliferated across the city.

Yet there is a lot of currency about: S$4.76bn in 1984, up more than 6 per cent on 1983. This is more than half the country's narrowly-defined money supply (currency in circulation plus demand deposits), another odd feature for a supposedly over-banked centre.

There is even a S$1 coin—or more accurately, 12.96m of them—which few people have ever seen. Few people, for that matter, have seen a S$10,000 note, not even bank tellers.

One explanation for Singapore's peculiar cash preferences is cultural. Reputedly the first people to use banknotes, the Chinese, prefer cash to banks, according to this view.

A further hypothesis points to the open nature of Singapore's economy. There are no foreign exchange controls (though there are limits on Singapore dollar lending abroad) and the currency is well known to be one of the strongest in the world and probably the most solidly backed.

So wealthy individuals throughout South-east Asia not only like to keep assets in Singapore—(not for nothing is it called the Zurich of the East) —but they also like Singapore's currency because it more than holds its value.

Moreover, the real purchasing power of a feather-light S$10,000 note has probably soared over the past couple of years compared with the equivalent 2 lbs of gold.

None of this seems likely to change. Singapore is not the sort of country which demonetises currency notes, since that would cash a shadow over its reputation.

Such a move would also hit a profitable business. In the case of the S$10,000 notes, if the banks do not hold them, they must all be in the hands of a public unlikely to return them. That means the promise to "pay the bearer" would rarely need to be honoured by Singapore.

AMERICAN NEWS

White House confirms cut in growth forecast

BY STEWART FLEMING IN WASHINGTON

THE REAGAN Administration has lowered its projections for real economic growth in the current year from 3.9 per cent to 3 per cent, Administration officials confirmed yesterday. They conceded even this level would require real annual rates of growth of 5 per cent in the third and fourth quarter.

Mr Malcolm Baldrige, the Commerce Secretary, and Mr Paul Volcker, the Federal Reserve Board chairman, last week both projected real growth of around 4 per cent in the second half of the year. Many private economists would argue that, too, is likely to be on the high side.

The forecast covers the period from the fourth quarter of 1984 to the fourth quarter of 1985—on a calendar year basis the figure would be slightly lower than 3 per cent. It is part of the revised economic assumptions in the mid year review of the federal budget which should be published within six weeks.

Last year real GNP rose 5.7 per cent on a fourth quarter to fourth quarter basis and 6.8 per cent on a calendar basis.

It is not known whether projections for subsequent years have been revised down significantly. As a rule of thumb budget experts generally reckon that a loss of one percentage point in the growth of real GNP, other things being equal, will add some $15bn to the budget deficit.

The leak of the growth forecast may have been designed in part to try to increase the pressure on budget makers on Capitol Hill to try to resolve *the impasse over the 1986 budget*. A meeting between President Ronald Reagan and leaders of both political parties on Wednesday does not seem to have done much to resolve the deadlock.

The Senate, however, which has been taking a tougher line on budget deficits than the House, is preparing a new budget proposal aimed at cutting the budget deficit, currently running at more than $200bn a year, by $340bn over 1986-88. The proposal, which is expected to be put to the House budget negotiators in the next few days, would include an oil import fee, a revised form of inflation proofing for social security pensions and a delay in inflation proofing of the tax system which has come into effect this year.

The new proposals may represent another effort by Senate Republicans to try to shift the blame for the expected breakdown of the budget resolution talks onto House Democrats.

Separately yesterday, the Bureau of Labour Statistics reported that productivity in non-farm business rose a mere 0.5 per cent in the second quarter although output rose 1.9 per cent and hours worked increased 1.4 per cent. In the first quarter productivity *fell 3.1* per cent.

Economists had expected a sluggish productivity performance given the stagnation in the economy in the second quarter. Increasingly there are doubts whether the long hoped for improvement in productivity will materialise. In the manufacturing sector however, where employment is falling, productivity rose 7.5 per cent in the quarter as hours worked fell 4.7 per cent but output rose 2.5 per cent.

There was better news on the inflation front. Hourly compensation rose at a 3.4 per cent annual rate in the second quarter compared with a 5 per cent increase in the first quarter and unit labour costs increased at only an annual rate of 2.9 per cent compared with the 8.4 per cent annual rate in the first three months of the year.

10% of U.S. savings banks are 'insolvent'

By William Hall in New York

ONE OUT of every 10 U.S. savings and loan institutions is insolvent. Mr Edwin Gray, chairman of the Federal Home Loan Bank (FHLB) said yesterday.

If they were to be closed tomorrow, federal regulators would face claims of $15bn (£10.8bn), which is more than twice the size of the deposit insurance fund which insures small depositors against loss in the event of closure.

The U.S. has 3,182 savings and loan institutions, which control assets of close to $900bn.

Mr Gray was presenting an FHLB study on the institutions to the Senate banking committee. *In response to questions*, he acknowledged that if these insolvent thrifts were liquidated and their depositors paid off, the Federal Savings and Loan Insurance Corporation (FSLIC), which has less than $6bn in funds, would be hit with $15bn in claims.

The size of the FSLIC fund has been falling over the past few years as the thrift industry's problems have mounted. Earlier this month the General Accounting Office, the U.S. government agency watchdog, took the unprecedented step of qualifying the 1984 accounts of FSLIC.

It said it was not ecrtain that FSLIC can recover $1.3bn in claims against three reasonably small thrift institutions which have failed over the last year—Empire Savings and Loan of Mesquite, Texas, Knox Federal Savings and Loan of Knoxville, Tennessee and San Marino Savings and Loan of California.

Senator Jake Garn, the Republican chairman of the committee, was quick to play down the scale of the potential losses. The $15bn in claims "would not happen at the same time . . . So I do not want everyone running out of here to withdraw their deposits from the thrifts."

Whilst U.S. savings bank regulators including the FHLBB have said repeatedly that lower interest rates are helping the weaker thrifts to recover, recent runs on small savings banks in Ohio and Maryland have made many small depositors nervous. The regulators task in rehabilitating the troubled institutions would be made much worse if there was to be a widespread withdrawal of deposits.

Mr Gray said that direct investment in "real" estate by thrifts is causing the biggest losses for the savings and loan industry.

FOREIGN EXPLORATION GROUPS TO BENEFIT

Buenos Aires plans oil incentives

BY ROBERT GRAHAM IN BUENOS AIRES

THE ARGENTINE Government is shortly expected to give a large boost to oil exploration by approving a new formula for risk contracts.

The main concession is an agreement that if Yacimientos Petroleros Fiscales (YPF), the the national oil company, has no cash—either australs or dollars—to pay for the crude produced from new finds, then it can offer oil products in lieu.

Three other concessions won by the *foreign* oil companies include the right to determine the commercial viability of any discovery; a time limit on YPF taking up a partnership with a foreign operator; and the possibility of a number of tax breaks.

Between 20 and 30 international oil companies, including the majors, are likely to take advantage of the new formula, investing a minimum of $1bn over the next three years in exploration, according to oil industry sources. The formula is expected to provide sufficient new discoveries to stop the depletion of Argentina's oil reserves, and provide foreign exchange through oil exports.

Beyond this, the new approach to oil exploration is considered as evidence of the Alfonsin Government's more liberal approach to foreign investment in this key strategic sector.

Argentina currently has oil reserves of 2.4bn barrels, a figure which has remained virtually unchanged since 1970 despite extensive drilling activity by YPF.

The Government is talking optimistically of a decree approving the new formula for contracts being ready before the end of this month and of the first contract being signed by the end of the year. Representatives of international oil companies here are more cautious about this time scale. However they believe the broad lines of the new contract formula have been agreed and that the delays *are being caused* by last minute haggling by provincial leaders anxious to get the best deal possible from companies operating within their jurisdiction.

The formula will apply to bids for 164 onshore and offshore blocks stretching from the very north of the country down to the inhospitable southern tip of Tierra Del Fuego.

Exploitation

Over the years, the Argentine Government and the international oil companies have had a stormy relationship—largely the result of Argentine fears of foreign exploitation of national resources. The Radical Party, from which the present Government is formed, was responsible in 1963 for annulling foreign contracts in the oil industry. The oil companies are now convinced the country's severe economic crisis has forced the Alfonsin Government to take a more pragmatic approach to foreign investment in this field.

Nevertheless, the best areas *in the 164 blocks* have been reserved for YPF. But the national oil company is so burdened by debt that it is unlikely to be able to do much new exploration.

YPF has total foreign debt of over $5bn, and in 1983 the last published figures for its results showed a $1.3bn loss. One of the main long term effects of the liberalisation of exploration will be a diminishing role for YPF. Currently, 70 per cent of the country's 450,000 barrels per day (b/d) oil production is accounted for by the state com*pany. Foreign oil companies* believe YPF's per barrel production costs are as much as three times theirs, due to over manning and general inefficiency.

The precarious finances of YPF have proved an important stumbling block in drawing up new contractual terms for exploration. Until earlier this year existing foreign operators in Argentina were in dispute with YPF over considerable sums of money owed to them for crude purchases by YPF. The main claims were settled in March and included the provision that if the state company cannot pay cash—either australs or dollars—then it can offer oil products in lieu. This provision is understood to have been built into the new contract formula which still envisages YPF being the purchaser of crude produced from Argentine wells.

After intense lobbying, the foreign oil companies maintain they have obtained three other concessions. Firstly they have won the right to determine the *commercial viability of* any discovery. This is extremely important because of the characteristics of existing wells which have proved small with short lives.

Over 15,000 wells have been drilled in Argentina by various companies over the years, and the oil companies were afraid that if they could not themselves determine the viability of the finds they could be locked into expensive and scarcely viable development.

This is particularly the case if oil were to be discovered in some of the remote Andean areas. Also, existing wells have demonstrated a remarkable difference in the quality of crude, from very light to very heavy.

Concession

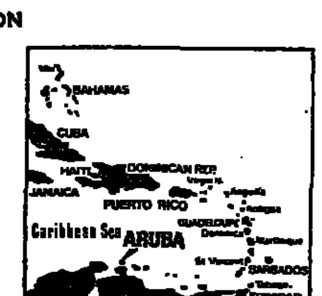
A second concession has been a ruling that YPF can no longer come in on an exploration ven*ture or production operation* at any time. Instead, if YPF wants to take up a partnership with any operator after exploration has begun, it will only be able to do so within 30 days of a field being declared commercial, according to industry sources here.

Thirdly, the companies believe they have obtained a number of tax breaks which will enable them to recover part of their exploratoin costs.

Even before the new contract formula has been approved, *Shell has gone ahead with its* own deal with the Argentine Government for an offshore exploration in a 4,895 square kilometer block off the eastern *mouth of the Straits of Magel*lan. According to the Government, the contract is worth $290m.

Aruba pursues independence

BY CANUTE JAMES IN KINGSTON



DESPITE increasing uncertainty over its economic future, the Dutch Caribbean island of Aruba is going ahead with plans to leave the six island federation of which it has been a part, and move into a state of semi-independence in January

This is the first step in the plans of the island of 67,000 people to become fully independent a decade later.

The legislative council of Aruba has unanimously approved legislation for the first step to independence. The Bill has already passed through the Netherlands *parliament*.

It now has to be approved by the Netherlands Antillean legislature which sits in the neighbouring island of Curacao, the largest member of the group.

Aruba's political intentions have not been welcomed by the rest of the federation. Some of the smaller islands feel that the economic support promised by an independent Aruba will not be forthcoming because of the island's parlous economic situ*ation*.

Although The Hague will be responsible for Aruba's defence and foreign affairs for the next decade, the island's adminstration would have its own civil service, judiciary and currency.

Aruba's once bouyant economy has been shot by the closure earlier this year of an oil refinery owned by a subsidiary of the Exxon corporation of the U.S.

The island has lost about 40 per cent of its income with the closure of the refinery at the end of March. Exxon said the 400,000 barrel per day facility was not profitable, and that it had lost about $50m (£36m) last year.

The island's gross domestic product is expected to fall by 35 per cent this year. The budget deficit for the year is expected to be over $50m.

Th island's administration is likely to ask The Hague for a freeze on servicing its debts, *which costs about $9m per year*.

Venezuela is also concerned about future political developments in Aruba. The island's efforts to cut wages earlier this year to deal with the economic problems led to street protests.

Caracas is worried about the political complexion of a future government in an economically troubled Aruba plagued by social unrest.

General Dynamics axes yard

BY OUR FOREIGN STAFF

GENERAL DYNAMICS, the largest defence contractor in the U.S., is to close its QQuQincy shipbuilding division in Massachusetts with the loss of 4,200 jobs due to lack of orders. The yard will shut when the last of the five back-up ships for the *rapid deployment force* is delivered in mid-1986.

Th emove comes only months after the Pentagon's decision to take sanctions against the company such as withholding payments in the wake of allegations of overcharging on contracts.

Announcing the closure Mr Stanley Pace, vice-chairman of General Dynamics, said that under present depressed conditions in the U.S. shipbuilding industry it was no longer possible to maintain the yard as an economically viable operation.

Mr Pace, who will become chairman later this year, said that Quincy had failed to win orders necessary to maintain a *minimum business base*. The group will explore other uses for the yard.

General Dynamics had said earlier it would axe some 3,000 of the 5,800 jobs at the yard because of a lack of orders although it was determined to keep a nucleus of its skilled workforce. It had hoped to keep the 2,200 workers beyond the end of 1985.

Earlier this week the group said it was to axe between 700 and 900 of the 26,000 jobs at its Electric Boat division, mostly in its Groton shipyard in Connecticut.

General Dynamics bought Quincy from Bethlehem Steel in 1963.

When presenting its first quarter figures in May General Dynamics said that most of its units except Quincy had long-term production programmes. For the first three months of this year the group's marine division sales were up 18 per cent at $522.3m and operating profits were nearly 75 per cent ahead at $56.7m.

Men and Matters, Page 18

Guatemala sells gold

GUATEMALA has sold one-fifth of its gold reserves to pay for oil imports and ease the country's fuel shortage, EFE reports from Guatemala City.

The Guatemalan Government sold 96,000 ounces of gold on Wednesday from its 522,000 ounce reserve to Mocatta Metals in New York, Sr Oscar Alvarez *Marroquin, Guatemalan* central bank president, said.

The $30m from the sale is to be used to finance oil imports which were severely cut in April when the central bank was unable to pay its fuel bill.

Most petrol stations were forced to close on Wednesday because of the shortage. The Government has been subsidising petrol prices to reduce costs to consumers.

WORLD TRADE NEWS

Dassault to offset 60% of Mirage contract with Greece

BY ANDRIANA IERODIACONOU IN ATHENS

DASSAULT, the French aircraft manufacturer, has undertaken to offset over a 15-year period about 60 per cent of the cost of a FFr 12bn contract (£1bn) for the sale of 40 Mirage 2000 aircraft to Greece.

Paris is to promote French tourism to Greece and the export of Greek products to France, and has agreed to high-technology industrial investments in Greece, Mr Gerassimos Arsenis, the Greek Economy and Finance Minister, has disclosed.

The contract between Dassault and the Greek Air Force was signed in Athens at the end of last week. Delivery of the first aircraft is expected in 1988.

Greece is also negotiating a similar offset package with General Dynamics of the U.S. from which it is planning to buy 40 F-16 aircraft to round off the largest single weapons purchase in the history of the Greek armed forces.

According to Mr Arsenis, the Mirage 2000 contract includes penalty clauses in case Dassault does not fulfil its offset commitments, and specifically bars the French side from defaulting on grounds of competition, price, or delivery period of goods or services.

The contract also states that at least 30 per cent of the proposed offset activity must involve the Greek arms industry and 10 per cent the tourism sector.

A major beneficiary of the *offset package is expected to* be the state-run Hellenic Aerospace Industry (HAI).

HAI repairs and overhauls some types of Mirage aircraft, and Dassault is expected to transfer technology to the company for the manufacture and assembly of Mirage 2000 aircraft parts.

Biogen wins U.S. patent for interferon output

BY JOHN WICKS IN ZURICH

BIOGEN, the Swiss-U.S. genetic-engineering company, has obtained a U.S. patent covering the production of gentically engineered Alpha interferons. This follows the granting of a similar European patent last year.

Worldwide rights to Biogen's Alpha-interferon patents are licensed to the Schering-Plough group of the U.S., whose branded product "Intron A" is under review by national agencies for use against cancer and viral infections.

Although Biogen says the U.S. patent gives it the right to exclude others from the manufacture, use or sale or recombinant Alpha interferons in the U.S.," this will not affect a recent agreement between Schering-Plough and the Swiss Hoffmann-La Roche concern.

The agreement enables each company to market Alpha interferons without infringement of patent rights.

Hoffmann-La Roche, in part together with the U.S. genetic engineering group Genentech, already holds such patents in a number of individual European countries.

Earlier this year it obtained a product patent from the U.S. authorities for "homogenous Alpha interferon, regardless of the method of production."

● The Swiss clothing industry association would "hardly welcome" a renewal of the world textiles agreement when this expires in mid-1986.

The association blames the agreement for swelling the flood of imports on to the Swiss market. Supplies of foreign clothing almost doubled in value between 1974 and 1984, forcing the domestic share of the market from some 45 per cent to only about 20 per cent.

This development has continued this year. In the first half, imports of apparel, including lingerie, was up to nearly SwFr 1.8bn (£545m) as against just over SwFr 3.2bn for the whole of 1984.

Spain's hope dashed over shoe exports to U.S.

By David White in Madrid

MADRID'S hopes of avoiding restrictions on shoe exports to the U.S. have faded after talks in Washington held with Sr Luis Velasco, Spain's State Secretary for Trade.

Sr Velasco, who described the outlook as "rather gloomy," said he would ask Sr Felipe *Gonzalez, Spain's Prime Minister*, to make a formal protest to the U.S. Administration if it went ahead and implemented recent recommendations by the International Trade Commission to curb U.S. she imports.

The U.S. is the biggest single foreign client for Spain's $1.5bn (£1.1bn) a year shoe industry. *The ITC's recommendations* are aimed at bringing down the import penetration of the U.S. shoe market from the current level of over 70 per cent. Spain is among the major suppliers alongside Taiwan, South Korea, Brazil and Italy.

Sr Velasco suggested that Spain, which will be a member of the EEC next year, should seek a common Community stance on the issue and should bring the dispute up in the context of the General Agreement on Tariffs and Trade (Gatt), if curbs were enforced.

The mission to Washington follows a letter from Sr Gonzalez transmitted via the Spanish Embassy to President Ronald Reagan arguing in defence of Spanish commercial interests and pointing out Spain's heavy deficit in bilateral trade.

Sr Velasco said this deficit was in any case expected to grow this year because of voluntary limitations on steel exports.

Madrid has tried to convince the U.S. authorities that its shoes do not present the same threat to the U.S. industry as the Asian producers and Brazil.

● The Spanish Government has given the go-ahead for the purchase of Italian Skyguard-Aspide anti-aircraft missiles worth around $125m, the second major contract of its kind in just over a year.

The deal, for 13 launchers and 200 missiles, includes co-manufacturing clauses under which warheads, control and guidance units and other components accounting for about 40 per cent of the total cost are to be made in Spain.

China joins Japan's export critics

BY ROBERT THOMSON IN PEKING

CHINA'S leaders have grown fond of describing the Chinese economy as a car. But those leaders have now realised that the car they are driving is Japanese-made and has faulty brakes. According to Japanese figures, China's imports of Japanese-made passenger vehicles rose 1,300 per cent in 1984, against 1983.

Figures released yesterday by China's Ministry of Foreign Economic Relations and Trade show that China's total imports from Japan leapt 102 per cent *in the first half of this year*, compared with the same period last year, while exports rose only 11.2 per cent.

The Ministry reported that China had a trade deficit in the first half of just under $3.2bn (£2.4bn) and the deficit with its principal trading partner, Japan, was just over $2.2bn.

China has now joined the nations calling on Japan to lower protectionist barriers and to increase its purchases of foreign goods to right the imbalance. Yesterday, a report attributed to the Chinese news agency, Xinhua, urged Japan to "buy Chinese" or else.

The article began: "Concerned about China's growing *trade deficits with Japan*, Chinese trade circles in Peking are pressing for Japan to import more from China."

They maintain that Japan should remove barriers hindering the passage of such items as Chinese rice-straw products and silk, and that Japan should realise that "tremendous deficits are bound to hamper trade between the two countries."

The trade deficit for the whole of last year was about $2bn and that has been exceeded in the first half of this year. Chinese officials voiced their growing concern over the deficit in late April, and then spoke of the need for regulation.

That regulation has come with an "import tax" of up to 80 per cent on cars, trucks, televisions and office equipment, all of which have flooded into the country from Japan. The Government's regulatory tax is an attempt to price imported goods out of the market.

But the deficit problem will need further concerted action if the Government is to safeguard its declining foreign exchange reserves—down from $16.3bn to $11.3bn in the six months from last October.

China, which imports large amounts of Japanese steel, chemicals and plant equipment, hopes to sell more of its textiles, semi-manufactured goods, and crude oil, which accounted for 52 per cent of its exports to Japan last year.

Jakarta, Peking in move to resume trade

BY KIERAN COOKE IN JAKARTA

LIKE TWO out-of-practice and rather shy dancing partners, Indonesia and China—respectively the world's first and fifth most populous nations—take their first formal but tentative steps towards resuming direct relations today.

These come with the visit to China of more than 90 Indonesian businessmen.

The Indonesian delegation, led by the chairman of the Indonesian Chamber of Commerce, Sukamdani Gitosardjono, has put together a long sales list for the China market.

The main items they want their hosts to buy are plywood, steel, tin, fertilisers, coffee, rubber, palm oil, tea and spices.

The delegation will also be looking at what China has to offer in the way of machinery and manufactured goods. While there has been no direct trade between the two countries for nearly 20 years, indirect trade has been continuing—most of it heavily in China's favour.

Indonesian Government figures show that over the past four years Indonesian exports to China (via Hong Kong and Singapore) have ranged from only $7.6m (£5.8m) to $27m a year.

China's exports to Indonesia have meanwhile been running at more than $200m a year. It is believed, however, that Indonesian exports have in fact been substantially higher but have been "hidden" for political reasons.

Indonesia has certainly woken up to the potential of the China market, particularly for its plywood exports, which it hopes will be worth more than $400m this year.

There is also a feeling in Jakarta that this delegation's visit, only agreed to by the Government after months of negotiations with China's officials in Singapore, may be happening too late.

In the past 18 years, Hong Kong and Singapore middlemen have been making many millions of dollars out of trade between Indonesia and China.

Now, there are signs that the boom in the China market is over

It will also be a considerable time before proper and trusted trading relations can function. *Many in Indonesia*, particularly the military, are unhappy at *the prospect of China's* ships being allowed access to Indonesian ports.

But at least Indonesia's President Suharto has given his imprimatur to this business visit to China. A Presidential instruction issued on the eve of the delegation's departure called on all concerned to do their best to expedite business between the two countries.

Algerian gas for Brazil project hits snags

BY FRANCIS GHILES AND JAMES BALL

A $600-$800m (£460m-£615m) project to ship 5bn cubic metres *of Algerian gas to Brazil may* be delayed or even cancelled because of a tussle between the potential buyer, Comgas of Sao Paulo and Petrobras the Brazilian state oil company.

The deal, which is said to have made rapid progress, would involve transferring the gas direct from a tanker moored at Santos port, Brazil.

Further negotiations on the project may yet be held but the chances of a go-ahead in the near future now appear to have diminished.

Comgas which supplies manufactured town gas to Soa Paulo, is owned by CESP (Comanhia Enregetica do Sao Paulo) the Sao Paulo state energy company.

It hoped to use Algerian liquefied natural gas (LNG) to build up its market from 1m cubic metres a day (35.3m su ft/d) to 3m cu m/d.

It was also hoped that the increased demand in Sao Paulo would, in turn provide the incentive to develop the market for gas in Brazil.

Petrobras, however, believes it has sole right to conduct hydrocarbon imports and opposed the LNG deal from the outset.

Sr Jose Goldemberg, CESP president, asked Petrobras to supply Sao Paulo with enough Brazilian natural gas to meet current demand. This would allow the city to stop manufacturing gas from naphtha.

Petrobras originally offered only 280,000 cubic metres a day, then, late last month Sr Goldemberg was told that Petrobras would offer 600,000 cu m/d of Campaos Basin gas via a pipeline extension from Volta Redonda, 285 km from Sao Paulo.

This would not allow for immediate expansion but it would help Comgas to switch from naphtha to natural gas. There may, however, be further talks with Sonatrach, the Algerian state oil and gas group.

The newsletter International Gas Report (IGR) says that the Algerian project "was moving so fast the first cargo could be landed in autumn 1986." One of the reasons for the rapid progress was because the sale would be:

- Short term—five years is short-term in the LNG business,
- Would use Algeria's substantial spare capacity at Arzew, estimated to be 15.5bn cu m/year in 1985,
- Would employ laid-up LNG tankers.

It now appears that the deal would be priced in U.S. dollars and paid mostly in U.S. dollars.

IGR puts the price at $3.45 per million British thermal units (Btu) free on board (fob) Arzew, Algeria, or "$4.50/m Btu at the Sao Paulo city gate."

UK set on boosting links with Soviet Union

By David Buchan

THE BRITISH government is determined to reach the target of a 40-50 per cent increase in Anglo-Soviet trade in the near future, proposed by Mr Mikhail Gorbachev, the Soviet leader, in London last year, Mr Paul Channon, UK Trade Minister, said yesterday.

Speaking at the British-Soviet Chamber of Commerce, he added that a new economic and industrial co-operation, replacing the one signed by Mr Harold Wilson's Labour Government in 1975, should be ready for signature by the time the Anglo-Soviet joint commission meets in London this autumn.

This session has been postponed twice so far this year by the Russians, which could be read as a bad sign for British business when it needs to obtain a maximum hearing in Moscow during the preparation of the next Soviet Five-Year Plan (1986-90).

But Mr Vladimir Listov, *Soviet chemicals Minister*, who cancelled an earlier trip following Britain's "spy" expulsions in April, arrives in London on Saturday for a week-long visit.

He will meet representatives of most of the big UK companies, such as John Brown, ICI, Courtaulds, which are bidding for new Soviet contracts.

The latest postponement of *the joint commission meeting*, from this month to probably October, may not be innopportune in view of reports of a shake-up at the Soviet trade ministry.

Gandhi hits at West on trade

By K. K. Sharma in New Delhi

INDIA'S Prime Minister, Mr Rajiv Gandhi, yesterday accused the industrialised countries of becoming "more rigid" rather than more responsive in their treatment of trade problems of the poorer countries of the third world.

Opening a two-day ministerial conference on Global System of Trade Preferences (GSTP), Mr Gandhi asked the Third World to adopt a unified approach to trade negotiations.

Developing countries should create the mechanism for enlarging trade among themselves.

UK NEWS

Oftel's lawman holds line on British Telecom

BY JASON CRISP

PROFESSOR BRYAN CARSBERG, director general of the Office of Telecommunications (Oftel) was recently described as the new sheriff in a town not used to having the law around.

His role as lawman is to police Britain's telephone affairs and keep a particularly close eye on the newly-privatised British Telecom to ensure it does not throw its considerable weight around. BT, anxious to exercise its new-found freedoms as a private commercial company, is already showing signs of irritation at the sheriff's efforts to control its affairs.

However, its swift rejection of Prof Carsberg's proposed modest restrictions on its purchases of a second digital exchange system may be a challenge – but it does not amount to a High Noon.

BT's strong response to this issue has caused some surprise – not least because it is politically insensitive. Prof. Carsberg's inquiry into BT's purchasing of public exchange equipment was the result of a number of complaints particularly those from an all-party group of MPs. His report, published on Tuesday, was intentionally completed before the summer parliamentary recess.

The MPs' concern – prompted to some extent by the established British suppliers GEC and Plessey – was that BT was abusing its huge purchasing power. Their complaints followed BT's decision to order up to £100m of digital public exchanges developed in Sweden and sold by Thorn-Ericsson.

They feared that this decision to buy a second range of exchanges known as System Y would reduce the market for the British developed System X, damage its exports prospects and adversely affect jobs. Prof Carsberg concluded that BT's decision to buy a second system was acceptable and commercially prudent.

He did say, however, that BT should not buy more than 20 per cent of its exchange needs from Thorn-Ericsson for three years from 1987. This would be between 300,000 and 500,000 lines a year depending on how fast BT proceeds with modernisation. He included an important exception to this requirement if the System X manufacturers "suffered a major failure on cost or delivery."

Prof Carsberg said yesterday that while he was strongly in favour of pro-competitive pressures that there was need to smooth the transition to open competition. "If everyone dies on the road it is not much help pointing out that the road leads to Utopia," he added.

BT's abrupt rebuttal of the restrictions underlined the fact that Prof Carsberg's recommendation as it stands is not enforceable. Oftel will now monitor BT's purchasing and if it does go against the recommendations Prof Carsberg will investigate to see if it is in breach of the Competition Act.

The second course of action open to him is to amend BT's licence which can only be done by referral to the Monopolies and Mergers Commission.

This particular disagreement between Oftel and BT emphasises how the two are jockeying for position in their still uncertain relationship. Oftel has substantially fewer powers than the Federal Communications Commission in the U.S. but is also determined not to end up as a toothless watchdog.

Its main powers are to

- Enforce the licences issued to the three main telephone operators, BT, Mercury and Hull. If one fails to meet an obligation of its licence the director general of Oftel can make an order against it which is enforceable in the courts;
- Amend those licences either with the agreement of licensee or by referring the matter to the Monopolies and Mergers Commission;
- Take part in the enforcement of the competition legislation in conjuction with the Office of Fair Trading;
- Conduct investigations on which it must issue advice, which is not binding.

The real effectiveness of Oftel as regulator, promoter of competition and consumer protector is not yet clear. Some observers wonder whether BT's public rejection of Prof Carsberg's report on System Y was to discourage it from getting too closely involved in its business affairs.

Squeeze on overseas aid attacked

By Robert Mauthner

THE EFFECT of the Government's expenditure cuts on Britain's overseas programme was criticised yesterday by the Foreign Affairs Committee of the House of Commons.

In a report on Britain's Overseas Programme for 1985-86, the select committee said the cuts affecting the Foreign and Commonwealth Office, the BBC External Services and the British Council and the continued squeeze on Britain's aid programme imposed in the expenditure review of November 1984, were "probably counter-productive."

"It is our opinion that the protection and furtherance of British interests overseas cannot be maintained at the same level on continually reducing effective resources," the committee said.

It had come to this conclusion despite its conviction that restraint in public expenditure was desirable.

The Foreign and Commonwealth Office's closure of overseas missions also came under close scrutiny in the report, which was critical of the number of subordinate posts shut down and the minimal savings this had produced.

"The sums saved are, in public expenditure terms, extremely small," the report said. The 21 closures between 1979-80 and 1984-85 had yielded annual savings of just under £2.25m in 1984-85 prices, but the eight such closures to be made in 1985-86 were expected to produce annual savings of only £500,000.

The committee said it was not in a *position* to second guess the FCO's decisions on finding savings so frequently through closures of subordinate posts, but it considered the overall result of such widespread closures as "striking."

The loss of a small number of export orders could well have offset the savings resulting from the diplomatic post closures since 1979.

On Britain's overseas aid programme, which has been reduced in real terms by nearly 8 per cent between 1979-80 and 1984-85, and a further 1.4 per cent in 1985-86, the committee said that, if the Government wished significantly to increase the proportion of bilateral aid – as it had indicated – it must increase the size of the programme in real terms.

The committee also repeated its previous conclusion that emergency support for famine relief in Africa should not reduce the money devoted to development. The aid budget should be compensated at least by the amount spent on emergency relief in sub-Saharan Africa, which in 1984-85 amounted to about £95m.

Overseas Programme Expenditure 985–86. Fourth Report from the House of Commons Foreign Affairs Committee, published by HMSO, price £10.10.

ECGD will employ more outside help

By Frank Gray

THE DEPARTMENT of Trade and Industry said yesterday it would employ more outside help in running the Export Credits Guarantee Department, but it rejected proposals for a board of external, part-time directors.

Mr Paul Channon, the Trade Minister, announced the decision in response to a management review of the ECGD prepared by Mr F.J. Chapman, an ECGD under-secretary.

He made clear that a key recommendation of the review – that a board of outside directors be set up – would not serve to streamline the export insurance organisation. Rather, it would isolate the ministry from the ECGD, something that would be opposed by parliament in the event of a major problem.

The Trade Department would, instead, add a fifth under-secretary position at the ECGD, giving each of the organisation's five groups its own under-secretary.

Soccer crowd controls urged

Financial Times Reporter

WIDE-RANGING changes to improve safety and to clamp down on hooliganism at Britain's football grounds have been recommended.

Mr Justice Popplewell was asked by the Home Secretary, Mr Leon Brittan, to report on British football after the Bradford City fire disaster on May 11 in which 56 people died, and a riot at Birmingham City grounds the same day when a 15-year-old boy was killed.

The report urges:

- A ban on away supporters at matches.
- Stricter safety and fire regulations and increased police powers.
- Making it an offence to hurl missiles and smoke bombs and to chant racialist or obscene abuse at football grounds.

Pit strike loss on waterways

By Sue Cameron

THE STATE-OWNED British Waterways Board, which yesterday announced a loss of £300,000 for the 15 months to March this year, estimated that the miners' strike had cost its freight business around £500,000 in lost revenue.

Freight losses rose from £860,000 in the calendar year of 1983 to £1.1m in the 15 months to March.

Overall, the board had total revenues of £71m for the period

UK NEWS

Jenkin keeps tight rein on council expenditure

BY ROBIN PAULEY

THE GOVERNMENT yesterday formally abandoned its controversial regime of targets and penalties on local-authority expenditure, but reinforced its other weapons against high-spending councils.

Mr Patrick Jenkin, Environment Secretary, confirmed the ending of targets and penalties during the announcement of the 1986-87 Rate (property tax) Support Grant settlement.

He also announced a list of 12 councils to have their expenditure limited in 1986-87 under the second round of rate-capping spending curbs. Ten of those selected were in the 1985-86 list of 18.

Although only 12 councils will be rate-capped next year, there will be a host of new local-authority joint boards and other bodies after the Greater London Council and six metropolitan county councils are abolished next March, all subject to government control of their budgets.

In total, 32 authorities with expenditure of around £3.5bn will have their budgets under full central government control in 1986-87.

Patrick Jenkin: firm control on extravagant authorities

By dropping targets and penalties, which have wreaked havoc with town hall finances since 1981, Mr Jenkin is turning the emphasis back to the grant distribution system, which, although still imperfect, is more logical and scientific than arbitrary targets.

However, one technical result of relying only on the grant system will be to shift government funds away from the hard-pressed urban areas to the more prosperous county authorities.

Mr Jenkin said he was dropping targets and penalties in response to the many requests to do so from "responsible low-spending authorities and government supporters in parliament."

The 1986-87 settlement would be less complex, fairer to low-spending councils, maintain pressure on high spenders to find savings "and place firm control on the most extravagant authorities," he said.

To deter high spending, grants will be reduced at a very sharp rate for expenditure above the Government's assessment of the amount needed to provide a standard level of services. For the first 5 per cent over that benchmark an average authority would lose grant at the rate of 70p in the pound, rising to £1.02 in the pound for the next 5 per cent and £1.33 in the pound for each pound of spending thereafter.

Funds for pit area jobs to be doubled

THE GOVERNMENT is to double the amount of money available to the National Coal Board creating jobs in pit closure areas and says that the level may be raised again within a few months.

Mr Peter Walker, Energy Secretary, said he was doubling the funds available to the board's job creation arm from £10m to £20m. It expects to create 5,000 jobs in the next year.

One of its aims is to ensure that the development of businesses in mining areas is not handicapped by lack of skilled manpower.

□ A NATIONAL rail strike is being threatened by union leaders over British Rail moves to privatise some engineering work. The National Union of Railwaymen's executive, angry that contractors are getting work when BR plans to make 5,000 of its own workshop staff redundant, has decided to hold a strike ballot and made it clear it would mount an intensive campaign for a "yes" vote.

□ VAUXHALL and Bedford truck workers at Luton and Dunstable are demanding a "substantial" pay increase as bargaining for this year's pay round gets under way. The Vauxhall workers' wage claim usually marks the start of the autumn pay bargaining and sets the tone for others in the motor industry.

□ STRICT security surrounding the opening of U.S. Tobacco International's smokeless tobacco factory at East Kilbride near Glasgow, Scotland. The plant will make tobacco "tea-bags" – designed to be placed in the mouth – which have been condemned by health authorities in Scotland as a possible cause of mouth cancer.

□ MR NIGEL LAWSON, the chancellor of the Exchequer will "most vigorously" contest the libel action being brought against him by Arthur Young, auditors to Johnson Matthey Bankers (JMB) before its collapse, Mr Ian Stewart, Economic Secretary to the Treasury, told MPs.

□ THE executive of the electricians' union has endorsed an outline no-strike and single-union agreement with Mr Eddy Shah's company News (UK) – which is due to launch a national newspaper early next year.

Sharp rise in trade balance

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

BRITAIN'S trade balance improved sharply in the second quarter of the year with an estimated surplus of £1.2bn on the current account of the balance of payments, according to official figures out yesterday.

However, the figures, from the Department of Trade and Industry, also contained the first hint that export performance may have been held back by the strength of the pound.

They showed that the volume of exports, excluding oil, fell back in June by about 2 per cent from the level of the previous three months and was at its lowest since January.

Because the trade figures are notoriously erratic it would be wrong to base a firm judgment on one month's figures.

Nevertheless, the suggestion of a falling-off in export performance is in line with warnings this week from the Confederation of British Industry and the Association of British Chambers of Commerce.

The figures show the estimated surplus in June on the current account of the balance of payments was £257m after substantial surpluses in the previous two months.

BALANCE OF PAYMENTS
(£bn seasonally adjusted)

	Current balance	Visible balance (oil)	(non-oil)	Invisible balance
1983	3.25	6.85	− 8.01	4.41
1984	0.62	7.14	−11.39	4.88
1984 Q1	0.97	2.32	− 2.38	1.02
Q2	−0.20	1.54	− 2.77	1.03
Q3	−0.51	1.80	− 3.45	1.13
Q4	0.37	1.47	− 2.80	1.70
1985 Q1	0.12	1.86	− 3.21	1.47
Q2	1.30	2.36	− 2.56	1.50

Note Recent figures for invisibles are estimates subject to revision

The visible trade account fell into a deficit of £243m after a surplus of about the same in May, partly because of lower oil exports. This was offset by an estimated surplus of £500m on invisible trade.

In recent months Britain's trade account has received a double benefit from the movements of the pound. The fall in sterling in 1984 improved the competitiveness of UK goods in overseas markets. Then sterling's rise during the spring tended to cut import costs.

The surplus on oil recovered to £2.36bn in the second quarter as the effects of the miners' strike on oil imports unwound.

Exports to North America rose by 20 per cent in the second quarter compared with the first quarter level while imports from American declined by 18 per cent, no doubt reflecting the weakening of the dollar against sterling.

Lawson may stop fiscal hints

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE GOVERNMENT would like to abandon the practice of an advance indication of the scope for budget tax cuts, Mr Nigel Lawson, the Chancellor of the Exchequer, said yesterday.

In a memorandum to the all-party Treasury and Civil Service Committee of MP's he said figures for the likely "fiscal adjustment" given in the Autumn Statement in November were often misleading.

"Experience... shows that the published figure is assigned a significance out of all proportion to its very limited value," the memorandum said.

"This year was no exception. It provoked endless and often wild speculation about the likely scope for tax cuts in the budget. This undoubtedly contributed to the concern in financial markets about the Government's resolve to maintain sound control of fiscal and monetary conditions, which was a factor in the unsettled conditions in the foreign exchange markets earlier this year."

The practice of including a fiscal adjustment in the Autumn Statement started in 1982, in response to calls from MPs for the Government to promote more general debate about the shape of forthcoming budgets.

The fiscal adjustment represents the room the Government would have for tax cuts or spending increase given certain assumptions about borrowing, forecasts for revenue and the latest plans for expenditure in the next financial year.

Last year, the Autumn Statement showed a fiscal adjustment of £2bn. But towards Christmas there was some well-founded speculation that the room for manoeuvre might be more than this, and possibly up to £3bn.

In January, however, the pound was plunging towards parity with the dollar, partly it was said, because the financial markets had become anxious that the Government intended some relaxation of fiscal and monetary policy.

Caparo issues writs

BY CHARLES BATCHELOR

CAPARO INDUSTRIES, the engineering group headed by Mr Swraj Paul, yesterday issued writs against two former directors and the auditors of Fidelity, the consumer electronics group it bought for £14.1m last October.

Caparo is seeking damages against the defendants to cover total losses which it estimates to be more than £10m.

The writs allege fraud and misrepresentation against Mr Steven Dickman and Mr Robert Dickman in respect of Fidelity's accounts for that year and negligence against accountants Touche Ross in respect of their audit. Touche Ross said it planned to defend the action "vigorously."

Call for end to mortgage tax relief

By Joan Gray, Construction Correspondent

MUCH OF Britain's housing stock is deteriorating while the greatest financial help is given to those who need it least, according to the report from an inquiry into the country's housing headed by the Duke of Edinburgh.

The report points to particular problems with unsatisfactory council estates, homelessness and the poor condition of houses with elderly owner-occupiers and in the private rented sector, while the best-off owner-occupiers benefit most from mortgage subsidies.

"We are well aware that all is not well with Britain's housing," said the Duke, introducing the report yesterday. "There is a serious problem of homelessness while a lot of accomodation is unoccupied and the stock of private sector housing for rent has virtually dried up."

"People are therefore left with the choice of renting a council house or attempting to buy a house on the open market," he said. "And this limited choice undoubtedly affects mobility."

In an attempt to tackle the problem the inquiry – timed to mark the centenary of the 1885 Royal Commission into the Housing of the Working Classes – recommends the abolition of mortgage interest tax relief and housing benefit, and the introduction of a needs-related housing allowance and rents based on the capital value of property.

The abolition of mortgage tax relief is likely to be one of the most contentious of the recommendations – and one on which the committee of inquiry was totally united.

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THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
26	27	28	29	30	31	1

Theatre

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, à la Supremes, without the quality of their music. (239 6200).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

Sunday in the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim fashions a musical with dots and dashes of song that end too soon but work well with Tony Straiges's pretty set and James Lapine's book which changes gears in the second act. (239 6262).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's touching and funny recollections as a drag queen add up to the best histrionic Sarah Bernhardt role on Broadway today. (944 9450).

WASHINGTON

Count of Monte Cristo (Eisenhower): The second production of Peter Sellars' new American National Theatre company is the James O'Neill version of this swashbuckler. (254 3670).

TOKYO

Man of La Mancha (The Japanese version). Directed by Takao Nakamura, starring Koshiro Matsumoto. Performances also on Sundays. Imperial Theatre, near Imperial Hotel, Hibiya. (213 7221).

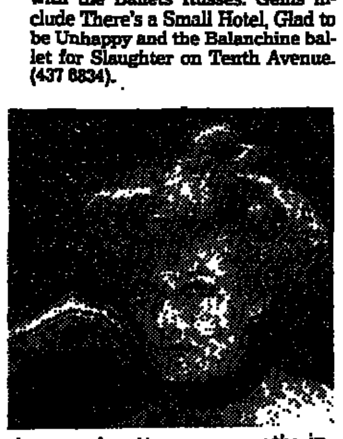
LONDON

Sweet Bird of Youth (Haymarket): Lauren Bacall elegantly decadent as Tennessee William's doomed movie queen. Harold Pinter's direction and Eileen Diss's evocative designs contradict the play's lopsided reputation and place the central tussle between the star and her gigolo (Michael Beck) against a detailed canvas of small town Southern vengefulness by the sea (930 9832).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).



Jenny Agutter: currently in Breaking the Silence.

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

Barnum (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable meringue of a musical. (834 1317, credit cards 828 4735).

Jumpers (Aldwych): Confident almost sober revival of Tom Stoppard's glittering comedy of love, murder and linguistic mayhem among the logical positivists, with Paul Eddington a more earth bound George Moore II than was Michael Hordern, Felicity Kendal delightful as his retired musical comedy wife. Peter Wood directs. (836 6404, credit cards 379 6233).

Richard III (Barbican): Last year's Stratford-upon-Avon production with Antony Sher demonically exciting as Richard in the RSC revival by Bill Alexander. Plays in repertory with Roger Rees as Hamlet and Kenneth Branagh as Henry V. All worth seeing. (628 8795, credit cards 638 8891).

Pravda (Olivier): Entertaining epic new play by David Hare and Howard Brenton for the National Theatre in which an unscrupulous South African magnate acquires Britain's most prestigious newspaper. A Jonsonian satire on the grand scale with an irresistible performance by Anthony Hopkins as the colonial who penetrates the Establishment while a nation dithers. (928 2252).

Breaking the Silence (Mermaid): Another RSC transfer, of Stephen Poliakoff's account of his family's emigration from post-Revolutionary Russia, Alan Howard succeeding Daniel Massey alongside Jenny Agutter. Ingeniously set in an Imperial railway carriage. (236 5568).

The Mysteries (Lyceum): The theatre of Henry Irving and Joe Loss restored for theatrical performance after 40 years. Bill Bryden's NT production in three parts is not to be missed, one of the great events of recent years. All three shows played on Saturdays for this limited run. (379 3055).

Guys and Dolls (Prince of Wales): The 1982 National Theatre production has arrived in the West End, if anything improved by the new casting of Lulu as Miss Adelaide and the notably well sung black Sky Masterson of Clarke Peters. Richard Eyre's production and John Gunter's affectionately lavish designs complement this most joyful and literate of musicals, a fitting tribute to the recently deceased co-librettist Abe Burrows (930 8681).

Opera and Ballet

TOKYO

Kazuo Ohno (Butoh): Though he eschews the Butoh tag, 79-year-old Ohno, father of modern Japanese dance, was involved in its founding. From the same source as Pina Bausch, his style is German Expressionist with Japanese overtones. The world's oldest professional dancer, Ohno gives his last performance in Japan before a visit to the Rimini Festival in August and New York in September. Studio B. Hikawa-dai Subway Sta. (Mon). (993 9486).

PARIS

Arcor: Le Silence des Sirenes, contemporary ballet inspired by Kafka's universe with choreography by Daniel Dobbels and Christien Gerard. Espace Ronsard, 2 Rue Ronsard (264 3131).

LONDON

Royal Opera House, Covent Garden: The Royal Ballet has two new ballets in triple bills. (240 1066).

London Festival Ballet finishes at the Coliseum (836 3161) with Ashton's new Romeo and Juliet and crosses the Thames to the Festival Hall (928 3191) with its Coppelia.

Rudolf Nureyev dances Swan Lake with a Japanese ballet company at the Coliseum.

ITALY

Rome: Terme di Caracalla (summer season): Sylvano Bussotti's production of Turandot, with Gwyneth Jones and Galina Savora alternating as Turandot, and Diana Soviero and Miwakom Matsumoto as Liu. Daniel Oren conducts the opera, which uses sets and costumes (designed by Bussotti) imitating as closely as possible those commissioned by Puccini. (46 17 55).

Verona: Arena di Verona: Aida – a repeat of last year's successful production based on the 1913 edition conducted by Daniel Oren and produced by Gianfranco de Bosio. Also Il Trovatore, conducted by Reynald Giovanetti and produced by Giuseppe Patroni Griffi, Attila conducted by Nello Santi and produced by Giuliano Montaldo. Giselle with Carla Fracci in splendid form and the young Charles Jude (from the Opéra de Paris) as Albrecht. Produced by Beppe Menegatti and conducted by Michel Sasson.

Macerata, Arena Sferisterio: Rigoletto conducted by John Mauceri with Cecilia Gasdia, Lando Bartolini and John Rawsley (49508 or 40735).

WEST GERMANY

Munich, Bayerische Staatsoper: Munich's annual opera festival until July 31 offers Norma in concert version. Margaret Price, Alicia Nafe and Franco Bonisolli are accompanied by the Bamberg Symphonic Orchestra conducted by Guiseppe Patane. Le Nozze di Figaro is of respectable standard with Teresa Zylis-Gara, Edith Mathis, Hermann Prey and Ann Murray. To commemorate Handel's 300th anniversary, Guistino, a Harry Kupfer production, is presented by the Lyric Opera Berlin. Die Meistersinger von Nürnberg features Bernd Weikl, Peter Schreier and Lucia Popp.

BAYREUTH

The Bayreuth Festival from July 25 to August 28 opens with Tannhäuser, this year's only new production, by Wolfgang Wagner. Hopes centre on Sheryl Studer's Bayreuth debut, as well as on Guiseppe Sinopoli's conducting. The cast includes René Kollo and Hans Sotin.

Peter Hall's controversial Ring directed by Peter Schneider will have three full cycles. Siegfried Jerusalem, Manfred Jung, Siegmund Nimsgern, Hildegard Behrens, Hanna Schwarz, Jeannine Altmeyer are the most prominent singers. Also the much-acclaimed Harry Kupfer production of The Flying Dutchman, with the title role sung by Simon Estes.

Parsifal, produced by Götz Friedrich with Peter Hofmann in the title role, Hans Sotin, Simon Estes and Waltraud Meier rounds off the programme.

Music

TOKYO

Chikuzan Takahashi (Shamisen recital): From the Tohoku region in northern Japan where much of the impetus in Japan's more interesting performing arts and cinema has originated. Chikuzan is blind and one of Japan's most popular musicians. The shamisen is a traditional banjo-like instrument; performers were usually blind – one of the few occupations open to them until recently. Chikuzan's performance is thrilling, haunting and evocative by turn. Music is interspersed by storytelling and childhood memories of poverty related with humour. Don't worry about language: Chikuzan's skilful playing and atmosphere in small underground theatre will more than compensate. Inside is rural Tohoku; outside Tokyo's smartest entertainment area, Shibuya, near major hotels. Jean Jean (Mon, Tue, Wed). *(462 0641).*

LONDON

Royal Philharmonic Orchestra conducted by Richad Hickox with John Lill, piano. Poulenc, Beethoven and Fauré. Barbican Hall (Mon). (638 8891).

Hilliard Ensemble: Perotin and Machaut. St. Luke's Church, Chelsea. (Mon, 10pm). (589 8212).

New London Consort directed by Philip Pickett. Medieval extravaganza. Barbican Hall (Tue).

Nash Ensemble conducted by Lionel Friend. Strauss, Schönberg and Mozart with Sarah Walker, mezzo-soprano. Royal Albert Hall (Tue). (589 8212).

London Symphony Orchestra conducted by Claudio Abbado with Natalia Gutman, cello. Mendelssohn, Prokofiev and Dvorak. Barbican Hall (Wed).

BBC Symphony Orchestra conducted by Elgar Howarth with John Ogdon, piano. Vaughan Williams, Anthony Payne first performance, Rawsthorne and Elgar. Royal Albert Hall (Wed).

PARIS

La Grande Ecurie et la Chambre du Roy with Stuttgart Kammerchor conducted by Frieder Bernius: Bach, Handel, Scarlatti (Mon 8.30pm). Saint-Severin Church.

Angela Hewitt, piano: Fauré (Tue 6.30pm). Sorbonne, Amphitheater Richelieu.

Guy Touvron, trumpet, Jean-Luc Salique, organ: Constant, Duhamel, Bach, Reger (Tue 8.30pm). Blancs-Manteaux Church.

Jean Guillou, organ: J.S. Bach (Wed 8.30pm). Saint Germain-des-Pres Church.

Omar Zoboli, oboe and flute, Christiane Wolf, harpsichord, Roberto Gini, violaa de gamba: Handel (thur 8.30pm). Saint-Merri Church.

All the above are part of the 20th Festival Estival de Paris (354 8496, 562 4089), 11am-7pm. Sundays excepted).

NETHERLANDS

Amsterdam, Nieuwe Kerk (Dam Square). Organ recital by Harm Harhuis. Bruhms, Haoff, Byrd, Bull, Gibbons, Buxtehude, Böhm (Thur).

Exhibitions

LONDON

The Tate Gallery: Francis Bacon, Britain's greatest living painter accorded the rare distinction at the age of 76 of a second full retrospective exhibition at the Tate, 20 years after his reputation as an artist of world standing was first put beyond all doubt. Now we see him no longer as a unique and extraordinary figurative, surrealist expressionist, but as an artist who has come at last into his own, as younger painters have come round again to the human figure as the central, creative preoccupation. As the subject matter is now more acceptable, so his peculiar and tormented re-invention and reconstitution of the figure no longer shocks. Ends Aug 18.

PARIS

Renoir: An important exhibition of the most sensuous of the impressionist painters, who never tired of glorifying the nude feminine body capturing the light, comes to Paris from the Hayward Gallery, London. It consists of some 125 paintings and 50 Drawings, including Le Bal du Moulin de la Galette and La Danse à Bougival, Grand Palais, Closed Tue. Ends Sept 2 (261 5410)

Robert and Sonia Delaunay: for the 100th anniversary of their births, his in Paris and hers in the Ukraine, a retrospective of some 300 objects, paintings, drawings and decorative projects brings to life their joint pictorial adventure. Whether exploring abstract painting or disarticulating Eiffel Tower images, their colours are vibrant, their *joie de vivre* explosive. Musée d'Art Moderne, 11 ave du Président Wilson. Closed Mon, Wed late closing. Ends Sept 8.

Perfume: An enchanting exhibition in praise of perfume assembles 550 objects, mostly phials, bottles and perfume fountains from the 16th to the 19th century. Some were made of Viennese porcelain, others of Bohemian cut glass or from gold and enamel in England. There are silver pomanders with petals opening up and Chelsea china statuettes. They all show exquisite workmanship and some of perfume's power to beguile. Le Louvre des Antiquaires, 2 Place Palais Royal. Ends Sept 15.

WEST GERMANY

Munich, Staatsgalerie moderner Kunst, Prinzregentenstr. 1: German Art since 1960, 200 paintings, prints and drawings by 13 artists from the private collection of the German Prince Franz of Bavaria. Among them: Beuys, Richter and Kiefer. Ends Sept 15.

Berlin, Gropius Bau, Stresemannstr. 110 Berlin 61: Treasures of the Forbidden Cities. Timed to coincide with this year's Berlin Horizon 85, the Peking Palace museum is coming to Europe for the first time, with roughly 120 works covering 3,500 years of Chinese history. The exhibition in Berlin includes gold, and jade, paintings, porcelain, musical instruments and calligraphs. Ends August 18.

Hildesheim, Römer und Pelizaeus-Museum, Am Steine 1–2: Nofret, the exhibition covering Women in Egypt. For its last stop in Germany, the exhibition will carry 177 pieces, an extra 96. Some 30 objects are on loan from the Egyptian Museum in East Berlin. It is the biggest assembly of Pharoan Art. Ends Nov. 85.

Berlin, Nationalgalerie, Potsdamer Straße 50: New acquisitions '75-'85, offer 500 works from between 1820 to 1985. Some 300 important artists participate. Ends Aug 25.

BRUSSELS

Opera costumes from 1959 to the present including Zeffirelli's Rigoletto, Bosquet's Traviata and Karl Ernst Herreman's Clemency of Titus. Musée de Costumes et Dentelle. Until November.

ITALY

Florence: Museo Archeologico (Piazza SS. Annunziata) – The Etruscan Civilization: This is the first of a long series of exhibitions to mark The Year of the Etruscans, and shows the results of the most recent research into the Etruscan world. A useful history of this civilization's birth, development and decline. Ends Oct 20.

Rome, Palazzo Venezia: Five Centuries of Music Publishing in Europe organized to mark European music year, and the fourth centenary of the founding of the Academy of Saint Cecilia, whose library has provided the bulk of the fascinating material. The time span and the number of manuscripts (and paintings) is enormous (roughly one room per century), but a useful shortened route has been provided through a series of attractive arched pavillions, containing the cream of the music publications of each period. Ends July 31.

Florence: Palazzo Pitti (Sala Bianca): Modern masters from the Thyssen-Bornemisza collection: The pleasure to be had from this remarkable exhibition is that it reflects the taste and prejudices of one individual: one of the few left who can afford Corot, Manet, Gauguin, Picasso – and who is generous enough to send them to be exhibited in France, England, the U.S., Australia, Japan, and now Italy. This same collection, with a few exceptions, was seen at the Royal Academy in London last autumn. Ends Sept 29.

SPAIN

Santander, Santillana del Mar. The splendour of pre-Colombian culture. Gold exhibits from the Quimbaya Treasure. Fundacion Santillana, Torre de don Borja. Ends Aug 30.

Santander, Paintings and sculpture by modern Spanish artists, Antonio Lopez, Andreu Alfaro, Antonio Saura, Eduardo Chillida. Fundacion Marcelino Botin, Santander. Ends Aug 9.

SWITZERLAND

Martigny: Fondation Pierre Gianadda: 250 Klee paintings in the striking modern gallery built over the Roman ruins of the city of Octodurus. Ends Nov 3. (026/23978).

VIENNA

Vienna 1870–1930: Dream and Reality: The greatest names of the Viennese fin-de-siècle – Klimt, Otto Wagner, Schiele, Kokoshka, Aldolf Loos, Josef Hoffman – in a dazzling display of Jugendstil creative genius. The attempt to integrate the artistic achievements of this era with philosophical developments (notably Wittgenstein but also Freud) and political transformations (the emergence of municipal socialism on the ruins of Baroque splendour) is ambitious and only partly successful. The complex tension between autocratic and censored reality on the one hand and the illusions or fantasies of individual artists on the other is hinted at but not fully explored. A high point of the show is a reconstruction of Hoffman's room at the secession exhibition of 1902. Here, triumphantly restored, is Klimt's fifty-foot Beethoven frieze depicting humanity's progress through suffering to joy on the theme of the Ninth Symphony. Displayed exactly as intended, this alone is worth a special visit. Kunstlerhaus. Ends October 6.

NEW YORK

Metropolitan Museum: 30 objects from the period between the 1851 Crystal Palace Exhibition to the 1900 World Fair in Paris demonstrate the show's theme of Revivals and Explorations in European decorative arts. Ends Sept 5.

WASHINGTON

National Gallery. Ancient Art of the American Woodland Indians includes 151 pieces covering 5,000 years of sculpture, ceramics, copper and shell objects of the native Americans who lived in what is now the eastern half of the U.S. Ends Aug 4.

National Gallery (West Bldg): 38 old master paintings from the Dulwich Picture Gallery are exhibited under the title Collection for a King, including works by Rembrandt, Van Dyck, Canaletto and Gainsborough. Ends Sept 2.

CHICAGO

Art Institute: Though Edouard Manet made etchings primarily to reproduce and publicize his paintings, he developed a unique style as shown in the 27 etchings in this special exhibit of more than a third of his total output of 75 etchings. Ends Sept 2.

TOKYO

Qing Dynasty Treasures from the Forbidden City, Peking. An important exhibition of 273 pieces showing the opulence and craftsmanship of the Qing Dynasty (1644-1912). Costumes, ornaments, ceramics, paintings plus imperial banquet room-setting, all magnificently displayed in Tokyo's best department store art museum. Seibu Department Store, Ikebukuro Branch. Ends Aug 28, closed Thursdays.

Masterpieces from Idemitsu Art Gallery: From one of Tokyo's finest private museums belonging to Sazo Idemitsu, the best from an outstanding collection of Oriental ceramics, crafts and paintings. Idemitsu Art Museum, 9th floor of Kokusai Bld, Hibiya. With magnificent views overlooking Tokyo's tranquil central (moat and green around Imperial Palace) plus Japanese tea-room. Ends Sept 1, closed Mondays.

Cinema/Nigel Andrews

An on and off screen romance

The Purple Rose of Cairo, directed by Woody Allen

Sylvia, directed by Michael Firth

Pandora and the Flying Dutchman, directed by Albert Lewin

The film reviewers' greatest occupational perk is being able to see certain, designed-to-surprise films without reading reviews of them first. They burst new-hatched from the screen, unaccompanied by others' puffs and paeans and with all their surprises intact. A truly Damascene comic éclat surprise happens early on in Woody Allen's *The Purple Rose of Cairo;* and since the whole plot springs from it, one can scarcely review the film without mentioning it. Readers who cherish their comic virginity, therefore, should perhaps read this review (and all others) *after* seeing the film. Others of tougher mettle, read on.

It all happens when movie-mad Mia Farrow, wafer-thin waif in a 1930s New Jersey small town, is goggling raptly for the umpteenth showing at the latest Hollywood comedy-romance to hit her cinema, *The Purple Rose of Cairo.* Stalking with limpid eyes and Olympic chin through this high-society romp, about madly gay Manhattan blades returning from a weekend fling in Egypt, is explorer Tom Baxter (Jeff Daniels). This solar-topee'd heart-throb, transfixed by Mia's gaze for screening after screening, finally stops in mid-dialogue, turns to talk to her directly and then steps right out of the screen.

This is one of the great comic lightning-bolts in film history. Its wonderful emotional logic—why *shouldn't* two people who are actor and audience in the same theatre get together?—is matched by its seraphic technological *illogic.*

It is, regrettably, a moment the film never quite equals again. After the lightning bolt, the story flickers on endearingly—now resembling St Elmo's fire, now a dickly light-bulb—as the screen-escaped Tom flits about town romancing Miss Farrow and dodging police and pursuing producers. Meanwhile Miss Farrow is likewise dodging her beer-and-braces bully of a husband (Danny Aiello). And the characters up on the screen, left high and dry by their co-star, sit twiddling their egos in black-and-white and chatting aimlessly, fractiously with the audience.

Mia Farrow plays the daydreaming waitress in Woody Allen's romantic fantasy

The off-screen romance and chase imbroglio are the weakest-fitting cogs in this comic machine. Wit is eroded by whimsy as Allen overworks Mia's miasmic romanticism and our hero's Hollywood-bred innocence. (Being a film character, he thinks the lights should fade whenever two people kiss, that a car should start just by him getting into it and grasping the wheel, that—but we grasp the idea and it is reprised too often.)

The best scenes are those *on* screen. A hilariously tart impatience shimmers up from the smart set in marooned monochrome: John Wood brittle and epigrammatic, Edward Herrman puffy, pinbright and ingenuous, Van Johnson and Zoe Caldwell as a pair of crusty, patrician oldies shouting into the void for their fellow-actor's return.

But these gems are too sparsely scattered. I suspect that Allen, who doesn't appear in this movie, should have. He could have replaced one of the dullish Hollywood moguls whom we see burning up panic-stricken wires on Sunset and Vine. The film needs his semi-detached dementia to swat the encroaching coyness. And although Miss Farrow neatly turns an inspired line or two ("I just met a wonderful man. He's fictional, but you can't have everything . . ."), she is saddled with a romantic sensibility so twee and little-girl-lost that she sometimes seems no less two-dimensional than her knight in shining celluloid. *The Purple Rose of Cairo* is a great comic idea in search of a few others to join it.

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Sylvia is the truth-based tale of reformist schoolteacher Sylvia Ashton-Warner, author of *Teacher,* who in 1950s New Zealand took education by the scruff of the neck and shook it until its teeth rattled. At first, headmaster's wife in a remote Maori outpost, she kept being given nought out of 100 for her involuntarily unruly classes by visiting school inspectors. But then—Eureka!—she decided to stop playing the game the Establishment's way and to create classrooms full of fun, love and motivation.

At my school, teachers who attempted to spread fun, love and motivation through the classroom tended to be overrun by screaming students who knew a soft touch when they could trample on one. However, Sylvia was obviously made of sterner stuff. Eleanor David plays her as a cross betweer Saint Joan and Isadora Duncan "You are the most passionat teacher I've ever met!" insist Nigel Terry, in case we should doubt it. He plays he enlightened school inspecto friend who revs around th country on two wheels, a sor of Matthew Arnold on a motor bike.

There is also a district nurs (Mary Regan) who melts fro the brusque professionalism her school visits ("I do fle and lice every Friday") become Sylve's guiding light and best friend. Only Sylve's husband (Tom Wilkinson) is bit of a reactionary old prun but then what would you hav Without the character contra there would be a screenful progressive saints. As it is, t piano music purls and prin away with sanctimonious élar Michael Firth's direction reverential going on hagic graphic; and one secretly long for the whole thing to be sub versively enlivened by a gue appearance from Wackfor Squeers or Mr Murdstone, wielc ing wicked canes. Very decent very devotional, very slightl dead.

*

Never mind, there is alway *Pandora and the Flying Dutch man.* The treasures of Par dora's box are opened up nex week in a revamped colour print. This is the 1951 film, you will recall, in which James Mason, roving the world a mar accursed, seeks to unhouse his barnacled virility in the general direction of Ava Gardner, a Tossa del Mar nightclub singer. The plot is a yeasty treat, the performances likewise. And somewhere inside Alan Rawsthorne's music Wagner is busily trying to get out. See, or re-see, and relish.

The Grand Kabuki/New York

David Vaughan

In its previous visits to New York, the Grand Kabuki of Tokyo has presented itself as a theatre of ancient traditions, of high seriousness, of sumptuous spectacle combined with exquisite stylization of movement, gesture, and vocal utterance.

Its recent season at the Metropolitan Opera House reminded us that Kabuki originated in a form of popular theatre and even today has its superstars, and that however remote from contemporary life its stories and conventions may appear, there is a less rigidly defined line between actor and spectator than the ignorant westerner might suppose.

The spotlight this year, both at home and abroad, was on the actor previously known as Ichikawa Ebizo X, who was recently elevated into one of the most prestigious Kabuki dynasties and assumed the name of Ichikawa Danjuro XII.

The ceremony celebrating this translation, known as *Kojo,* in which his fellow-actors deliver testimonials and he himself promises to try to be worthy of the honour, and finally demonstrates the "glare" that is a Danjuro speciality, was repeated here.

The programme synopsis promises a tale of political intrigue and bloodshed, but proves to tell chiefly "what has gone before." The action we see, moreover, is more farcical than melodramatic, with the actors frequently breaking character to draw attention to their own virtuosity or to Kabuki conventions.

All this is rather unsettling — deliberately so, perhaps, a kind of alienation effect, but it finally becomes something between a send-up and a commercial.

Even in the most serious piece presented, *Sakura-hime Azuma Bunsho* (The Scarlet Princess of Edo), in the second programme, there were examples of this kind of thing—the heroine was described as "a girl as pretty as Tamasaburo," the name of the actor playing the part.

This play also reminded us that in its early days Kabuki was morally licentious and subversive, and may still possess that combination of eroticism and refinement that we find in Japanese prints and novels.

Tamasaburo here plays a dual role, first a young boy, acolyte and lover of the priest Seigen, and then his reincarnation as the princess of the title. His co-star Takao plays, with several rapid costume-changes, both Seigen and the thief Gonsuke who has raped the Princess. She, it appears, likes rough trade, for when Gonsuke returns she willingly submits to him in a startlingly graphic scene of seduction—Kabuki as soft porn.

As brilliantly accomplished as these actors, and the rest of the cast are in these and other plays, one missed the mature and rarefied artistry of veteran actors like Utaemon VI, the renowned player of *onnagata* (female) roles, and Kanzaburo XVII, with his ancient comedian's face.

Both appeared with the company here in 1982, and gave performances whose effect was as cathartic as any that I have experienced in the theatre.

At its greatest, Kabuki is an example of that most satisfying kind of theatre, in which extreme artifice is allied to the expression of profound, even universal feeling.

For reasons perhaps to do with my own ignorance as much as with any shortcomings in the plays and players, this year's Kabuki performances did not touch me on that level.

Saleroom/Antony Thorncroft

The annual report

The London saleroom season officially ends today, although the smaller auction houses, like Phillips, Bonhams and Christie's, South Kensington, continue throughout August. But for Sotheby's and Christie's King Street is the start of a 10-week break.

By tradition the salerooms release now their annual figures, and tihs year they make for very mixed reading. Sotheby's, a private company, is only vouchsafing one statistic, but it is a good one—international turnover in 1984-85 totalled £502m,a rise of 25 per cent on last season's £400m. In dollar terms the rise is not quite so good, but still satisfactory—up over 17 per cent to $642m.

Christie's by contrast, had a more difficult year and, as a public company, tells all. Its world-wide sales were only 1.1 per cent higher at £337.5m and in New York, which last season overtook the combined UK as the major market, there was a decline in turnover from £158m to £144.9m.

Christie's in Keng Street, turned in virtually identical figures at £118.8m, but its South Kensington offshoot added over £4m at £27m. Christie's Europe did much better at £34.9m a gain of almost £10m.

For once the most successful saleroom was Phillips, the junior partner, with a £57.6m turnover, but registering a jump of 30 per cent, suggesting that the run-of-the-mill antiques market is doing well. Its operation in New York showed an improvement higher than the average rise.

At the same time as it announced its record turnover Sotheby's in New York reported an organisational shake up which involves shedding 51 people from the payroll. It is attempting to raise the average value fo its lots and is cutting down on handling unprofitable minor items: handling costs in New York are much higher than in London. So some support staff—secretaries, porters, etc, are to go.

Part of the change involves switching certain markets to London, most notably musical instruments, Japanese works of art, excluding prints, and collectables. In future Sotheby's will retain one specialist in New York but saleable objects will be auctioned in London.

In addition the president of its north American operation, James Lally, a specialist in Chinese works of art, is stepping down. His job will be undertaken by John Marlon, the long-time chairman of Sotheby's in North America.

Roger Woodward/Wigmore Hall

Andrew Clements

As Dominic Gill reported on this page on Monday, Roger Woodward is back in London, making his first appearance here for almost six years.

He has evidently not lost his fondness for constructing individual, not to say sometimes eccentric, programmes for his recitals, and last night's at the Wigmore Hall had the Woodward stamp clearly upon it: all three of Chopin's piano sonatas, played in chronological sequence and separated by two intervals.

What also remains true of his playing is the force of his pianistic talent, a keyboard gift that he may at times wilfully misuse but which is always intent upon extracting something from the music, even if that something is not always a clearly defined quantity. There is no such thing as a routine Woodward recital; he has no inbuilt automatic pilot which can take over when required.

It is entirely characteristic of him that of the three sonatas he played last night it should have been the rarely performed first, in C minor Op 4, that received the most roundly successful account.

Even here there were oddities: abundant use of the *una corda* pedal in the first three movements, with only the final Presto allowed the benefit of a full sonority; a first movement whose themes were consistently blurred by over-generous resonances. The vaguely Beethovenian minuet and the 5/4 Largo were the most straightforwardly delivered and satisfyingly complete movements.

After that, everyone was plunged into less predictable territory. The second sonata began at a most measured pace, yet angular and angry at the same time, the scherzo joined to it as an almost thrown-away appendix; the funeral march, if anything, was understated, flecked with hesitations on its reprise.

The B minor sonata then promised good things. The opening bars, strong, virile, commanding, suggested an approach that might match the work's imposing dimensions. It soon leaked away, however, in sketchy, almost deliberately unexpressive statements

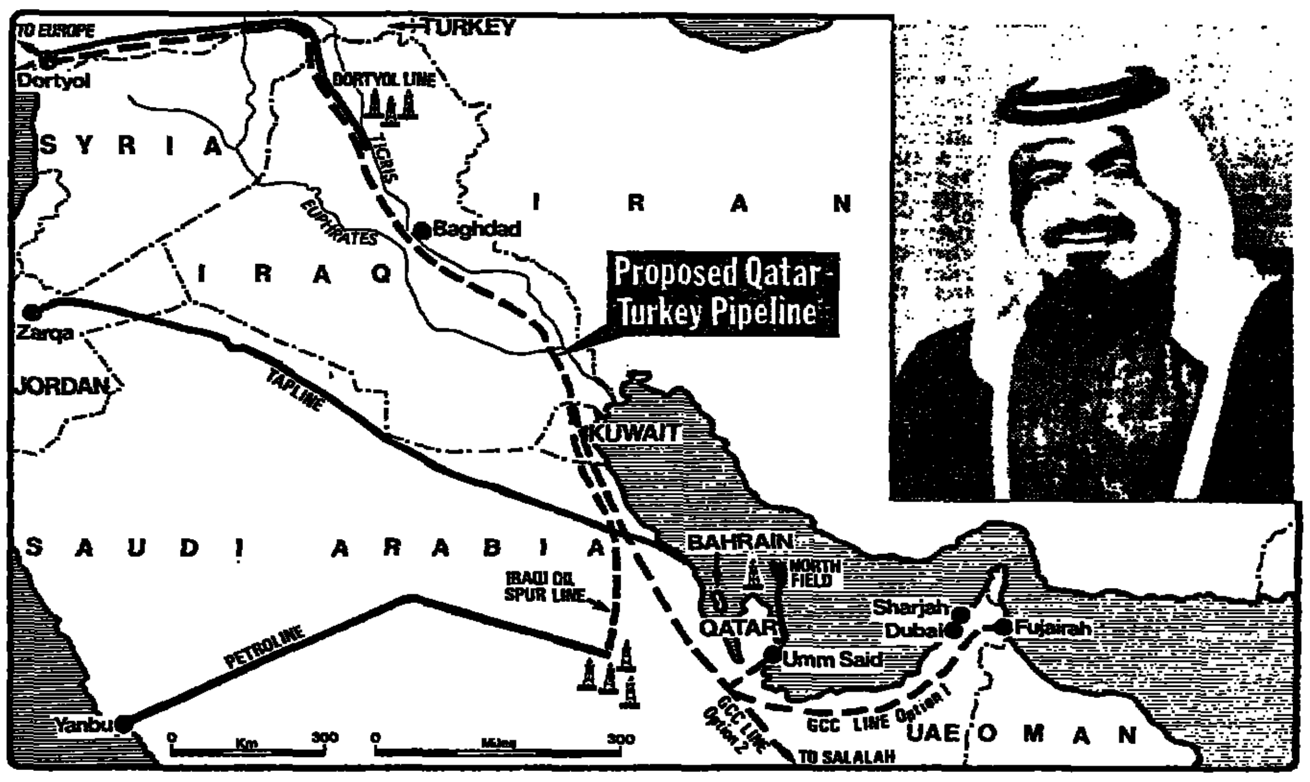
After that, any sense of firm control was lacking, and one could not warm to a Largo which seemed only intent on reducing its main melody to skeletal form.

FINANCIAL TIMES SURVEY

Friday July 26 1985

Qatar

The Gulf state of Qatar is facing its most ambitious energy project with the development of its vast reserves of natural gas - potentially one of the largest offshore fields of its kind in the world.



● **$10bn development project: Qatar's economic health would be ensured for decades with the development of its enormous natural gas reserves, a venture of international strategic importance far beyond the tiny Gulf state. Inset, above: the Emir of Qatar, Sheikh Khalifa bin Hamad al Thani, whose rule is marked by caution**

ON OTHER PAGES

● *Pictures by Terry Kirk and Michael Gill*

Big decisions ahead

BY KATHY EVANS

WITH THE downturn in oil revenues and a recession in full swing, an atmosphere of somnolence has returned to the Qatari capital, Doha, in contrast to the bustle of the boom days five years ago. At the Doha Sheraton, built at a cost of $190m, the sound of one's footsteps ring eerily through the luxurious but empty corridors.

Given the increasing turbulence of the Gulf region nowadays, it is not surprising that Qatar continues to seek safety and tranquility in a low profile role in the area. Qatar's small size and tiny population—around 220,000—has helped immunise the country from the under-currents which prevail in other larger Gulf states.

For the ruling Al Thani family, consultation with their own people, and maintaining unity among them, has presented fewer problems than have been experienced in some other countries in the region. The indigenous population numbers only 70,000 at most.

Yet a number of forces are now tugging at the country. In the past year, the Gulf war has come to the doorsteps of Qatar with the regular attacks by the Iranians on shipping, just off the country's northern coast.

Until now, the attacks have occurred outside Qatar's territorial waters — just. Internally, the country is experiencing its first social problems, for which Qatar's Wahhabi beliefs do not appear to be providing all the answers.

Well-respected management

On the economic front, the country is to face its greatest challenge, for Qatar is on the verge of the most ambitious energy project since it began exporting oil in 1949. Decisions of all kinds are crowding in on Qatar, decisions which will ultimately rest on the shoulders of one man, the Emir, Sheikh Khalifa bin Hamad al Thani, and a handful of his advisers. The stakes in this potentially multi-billion dollar project are high; a miscalculation would prove financially devastating to the country.

But then, Sheikh Khalifa's rule has never been marked by risk, rather the opposite for his style is one of extreme caution, marked by modest development. His management of the economy so far has won the admiration of local and foreign financial circles, and the understanding of his people. The budget cutbacks which followed a 50 to 60 per cent drop in oil revenues were therefore not as painful as in other nearby states and, by and large, the Qataris understand the need for them.

On a personal level, the Emir has combined the traditional attributes required of a ruling sheikh with those of a good modern manager.

"If you think of Sheikh Rashid of Dubai as the managing director of Dubai, then Sheikh Khalifa is the general manager of Qatar," remarks one local diplomat. In short, as long as the Emir gets on with the job and does well, there seems little pressure for change in the country's ruling system.

Similarly, Sheikh Hamed bin Khalifa, the Heir Apparent and Defence Minister, has acquired a reputation as a solid "Mr Reliable," and although speculation continues about other potential candidates for the post, the al Thani elders will ensure an orderly transition of rule when the time comes.

Despite the track record of good management by the top al Thanis, pressure will inevitably build up from young educated Qataris to be allowed to provide more input into Government decision-making. The Cabinet is still dominated by al Thani members, while the sons of lesser-known families of proven skills and dedication face limitations in the face of the tribal nature of Qatari society.

Another pressing problem is the future of the nation's women, for while the Government has encouraged their education, its bureaucracy still hesitates to employ them in areas where they might mix with the opposite sex.

At present, most ministries prefer to hire a foreigner, even in sensitive security and foreign affairs areas, rather than one of their own women.

Qatar is going to need all the talents it can muster in the years ahead as the North Field is developed. The one major problem about this project is that to make it viable it has to be on such a scale that it takes on strategic implications for half a dozen states in the Gulf region and much beyond.

Qatar itself needs the project for local industry and power needs. The only way to recoup the enormous capital cost is to extract the liquids from the gas, and that process only becomes profitable if the pipeline goes to Kuwait. For that to happen, the Gulf Co-operation Council (GCC) would have to embark on its largest project to date in an area — energy and gas supplies — which Gulf states have jealously guarded as sovereign matters until now. Qatar will have to galvanise the GCC to a level of inter-dependence not seen before.

The price factor will be another touchy issue, for Qatar will naturally be looking for a market rate for its gas, whereas GCC considerations may pressure Qatar, one of the organisation's smaller members, into a more "brotherly" price level.

Political significance

The Kuwait connection has to come first before the more ambitious Turkish option can be considered. Strategically speaking, such a project would be politically significant for those states interested in lessening the growth supplies of Soviet gas to Europe.

The Turks have been quick to seize on such considerations and appear interested in seeking a nod and a wink from the U.S. that it, too, sees the advantages of Turkey and southern Europe being fed by Qatari gas, rather than by Soviet supplies.

With the United States as the political backer to the project, the pipeline might actually happen, and financial backing for it might fall into place more easily, it is being suggested.

Such are the thought processes going on outside Qatar about Qatar's gas. All of a sudden what was originally seen as merely a local project takes on dimensions of a $10bn project of international strategic importance. Ali Jaidah, director general of Qatar General Petroleum Corporation dismisses such talk of strategy and Western interests, saying, "It is a Qatari option, not a U.S. option."

A project of this size will require a veritable army of policy-makers and experts, plus a diplomatic offensive within the GCC by Qatari diplomats. Government officials say that no move will be made without full consultation with the GCC. In this way, the financial and political burden inherent in such a project will be shared.

The approach of the North Field development, just off the northern coast of the country, occurs at a time of increasing concern over security in the Gulf. Qatar, in particular, has suffered the experience of more than a score of Iranian attacks on shipping taking place just 17 miles from its offshore terminal—five miles outside the territorial limit.

Qatari diplomats hope that Iran is sincere in its wish to improve relations with the Gulf states since the visit of Saudi Foreign Minister, Prince Saud al Feisel, to Tehran, last May.

If this is Iran's intention then reprisal attacks on shipping will hopefully stay outside the limit of sovereignty—and the development of the North Field can thus proceed without worry about possible security problems.

Certainly, Qatar is in no way able to defend itself from such aerial attacks, having only 14 fighter planes. Its armed forces number only 6,000. Qatar has only seven pilots and its army is only 30 per cent Qatari.

Of the total, one-quarter is at any one time on leave, and actual combat ready troops may be only a quarter of the remainder.

Qatar has found that any increase in the size of its armed forces can only be accomplished with additional foreigners, and so it has decided to limit its ambitions regarding equipment and manpower, and concentrate on absorbing existing military hardware and boosting the national content of the army. In truth, Qatar remains under the Saudi umbrella of protection until such time as the Gulf rapid deployment force becomes a reality, rather than a declaration of intent.

Planners seek ways to cut expenditure

The economic scene

KATHY EVANS

LIKE ANY other Gulf state, *Qatar has suffered a virtual* halving of its oil income since the glut in the world's oil markets became apparent in 1981.

The experience has, in theory, left Government budgets with sizeable deficits, but in practice, the brakes are applied as the year progresses according to the fluctuations in petroleum revenues. This year, however, the budgeted deficit could, for the first time, prove to be a real one.

The current budget is theoretically the largest of all. With foreign commitments, Government expenditure is forecast to be around QR 15.607bn, while revenues will work out to around QR 9.737bn. This leaves a deficit of QR 7.311bn, 40 per cent more than the previous year.

Government officials say that overall income, will be around QR 11bn, though independent estimates suggest it could be *more, possibly* QR 12bn.

The current budget assumes an oil output of 280,000 b/d. and production *is* averaging this figure at the moment. Investment income totals about $700m, according to Ministry of Finance officials.

Cynicism

In theory, also, capital expenditure is being maintained at reasonably high levels, despite the drastic fall in oil revenues in recent years. The 1985-86 budget predicts capital outlay at QR 5.14bn against last year's figure of QR 5.255bn.

About two-thirds of that amount will be spent by Government ministries, while QR 1.341bn will go to the Qatar General Petroleum Corporation (QGPC).

Despite the fact that the budget appears to reflect only token recognition of the fall in revenues, the figures have been greeted with a good deal of cynicism from the local business community. Officially, the local private sector has welcomed the budget as "morale boosting" though, in private, local businessmen believe that many *of the large capital items in*cluded in the budget will, in fact, never be started, and payment for those projects already underway will as usual, be delayed.

Qatari companies complain that payments for construction work and services are already as much as 12 months behind or more. Even Ali Jaidah, director general of the Qatar General Petroleum Corporation complains of a squeeze on the funds available to his organisation. And, as a result state organisations such as his, with renowned reputations for prompt payment, are now delaying payment *of their bills.*

Even so, a number of major projects are included in this year's budget, though they are unlikely to be started this year. They include the QR 2.1bn Wusail electricity and desalination plant; and an air base which is proposed for the middle of the country. However, the Emir has decided that the power plant is not a priority.

Few observers see the airbase project going ahead. Qatar is one of the few Gulf states that has applied the brakes on defence spending; military experts do not expect any major purchases from the Qataris in the next few years.

Senior Finance Ministry officials say that although Qatar has been running deficit budgets for the two previous years, the country has never in fact ended up with a deficit in the budget by the year-end.

Last year, the prospect of a deficit was fended off by a mas*sive boost in oil production* which, on occasions, topped the 500,000 b/d mark in defiance of Opec quotas.

Monthly averages exceeded 400,000 b/d until the application last November of a further cut in the quota to 280,000 b/d. With the current uncertainty in the oil markets, Qatar could face a real deficit for the first time, even given postponements and delays in payments.

One official comments that out of the QR 7.3bn forecasted as a deficit, he would be "satisfied" if it finally turned out to be only QR 3bn. Qatar, like most Gulf governments, does not include investment income into the state budgets.

Nevertheless, in the next two to three years, the massive capital outlays on power, in particular, and the North Field, will be unavoidable. Given such a prospect, the Finance *Ministry is now examining ways* in which expenditure can be cut back, and it is the current items to which it is now turning its attention.

A large part of the current budget is going for subsidies on various items, the major part of which is absorbed by energy. Qataris do not pay for their electricity, and non-Qataris and local industry are protected from the true cost of power; they pay only one fifth of the production cost per unit. That alone adds up to QR 1.3bn on the budget each year.

In addition, petrol prices are heavily subsidised, for Qatari *consumers pay only 60 cents a* gallon. The ending of such subsidies is a highly political matter, and Qatar is only likely to make a move when the GCC states make the united political decision to end the era of cheap energy in the region.

Long-term plan

In the meantime, the government is drawing up a long-term strategy to save in other ways. It is looking at the subsidies on certain food items such as rice, wheat and meat, as well as medical costs for Qataris and non-Qataris.

Planners are also considering *cutting the education scholar*ships and exploring ways of increasing state revenues by the introduction of a road and airport tax. They are hoping also to make some advances in cutting the size of the Government payroll by sending home some foreigners. However, this was discussed last year, and Qatar found it difficult to send home resident foreign Arabs.

The cushion for future deficits lies in Qatar's foreign reserves, and about these there are many estimates. Finance officials say that they amount to about $8bn, of which $5bn are in liquid assets.

Of the latter, more than 50 per cent is held in the U.S., 10 per cent in Deutschmarks and the remainder shared between the yen and other major currencies, according to market trends. All are said to be highly liquid in the form of bonds, blue chip stocks and straight cash.

Together, they provide an annual income of around $700m. The remaining $3bn of the portfolio is shared between local investments such as the semi-state industries at Umm Said, and investments in the Arab world. Some of this must in*clude loans to Iraq though* Qatari officials say that the country is unable to assist the Iraqi war effort, given the current constraints on its revenues.

Independent sources question these figures, and firmly believe that the reserves are much higher, possibly $12bn, and moreover that the aid to Baghdad is still covertly continuing. They point out the reason for the great secrecy over the country's foreign reserves is due to the private nature of the financial situation of the Al Thani family.

Finance officials say there is no *distinction*, and point out that, unlike other rulers in the Gulf, the Emir, Sheikh Khalifa bin Hamed al Thani, takes only a salary, rather than a percentage of the oil income. Indeed, one of the first actions of Sheikh Khalifa upon becoming Emir was to cut his own salary. It has not been increased recently, either for himself or the other members of the Al Thani family, according to Ministry of Finance officials.

The question of reserves is going to become even more significant as Qatar approaches the development of the North Field. Qatari oil officials make *it plain that the country should* only pay for the actual development of the field and treatment facilities and pipeline to the border. From then on, the buyers are expected to foot the bill.

In reality, Qatar will be looking for financing for the GCC section of the pipeline from the organisation itself, and it is also expected that suppliers' credits will play a major role in the initial development stages.

But officials at the Finance Ministry emphasise that the whole project must be self-financing at all stages.

Also in the immediate future is the massive Al Wusail power and desalination project, which the Emir has decided is not a priority this year. However, officials at the Electricity Ministry say that the decision cannot be put off for much longer after that. The water department is already cutting supplies at night, though this has not been widely realised by the public because of the large water storage tanks located near each family unit.

Demand for electricity is still growing by a healthy 7 per cent a year and, though this contrasts sharply with former *annual growth rates of 30 per* cent, the decline in the expatriate population has not eradicated the need for a new power station.

The local business community believes that if the go-ahead is given shortly on the Wusail project, its impact on the local economy is likely to be greater in the short term than the North Field project for which they have become tired of waiting.

After 13 years, few businessmen are banking on the North Field project to rescue them from their current gloom about future market conditions. Some of the more optimistic in the *private sector believe that* the gas project, once underway, could bring in about 5,000 workers.

Heavy toll

The recession of the past two years has taken a heavy toll on Qatar's main private sector *companies. Many admit to a* halving of their turnovers, and most have, as a result, reduced their staffing by 20 per cent or more.

Imports overall have slipped back by about 20 per cent last year to QR 4.17bn, compared with QR 5.29bn in 1983 and QR 7.09bn the year before.

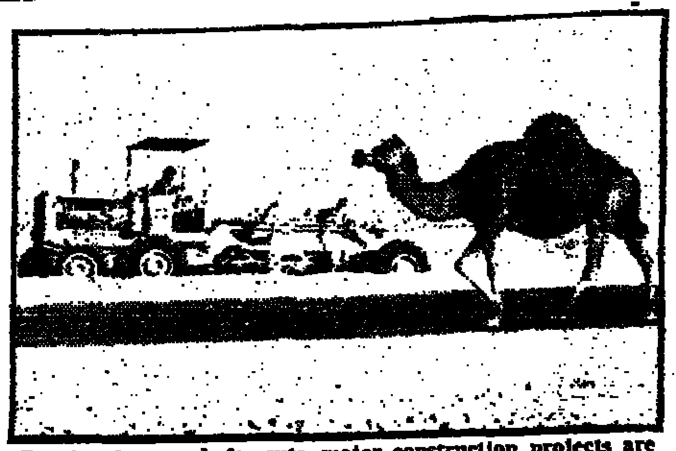
Stocks held by Qatari merchants are still thought to be high, and the "sales" signs can be seen in most shop windows in Doha. The car business, in particular, has been severely affected, and one agent was re*ported to have sold only one* car last month. Another principal car agent for both small and luxury models, reported a 60 per cent drop in sales in the past 18 months.

The property market has also reflected the downturn in trading and the departure of many *expatriates. Local estate agents* report that three-bedroomed villas, which were renting at QR 15,000 a month three years ago, are now aavilable for QR 6,000. Average housing allowances from local and foreign companies have been cut substantially, and increasing numbers of single-status expatriates are being hired and accommodated in small apartments. Even so, a small two- to three-bedroomed flat still rents at around $800 to $900 a month.

Some of the more ambitious merchants have looked outside Qatar to cushion them from the recession back home, and several Qatari merchants now own property and companies in the U.S., Europe and even Mexico.

In some cases, these investments have not proved as lucrative as they would have hoped. Others, more conservative, prefer to stay at home and rely on the Government to maintain business levels.

"*We have only one purchaser*—and that is him," says one general manager, pointing to a portrait of the Emir. "We will sit here, and we will survive."



Despite the search for cuts, major construction projects are included in this year's budget. At the industrial site at Umm Said (above), a camel strolls past new roadwork activities. Meanwhile, in Doha (below), some private traders complain that turnovers have been halved in the recession

Difficult days lie ahead

Banking sector

KATHY EVANS

BANKING in Qatar is stricken with many of the afflictions which other larger centres in the Gulf are currently suffering, *of which continued low profits* and occasional losses in the banking sector are perhaps the most prominent.

Bankers in Doha praise the government for prudent financial management, and for the early decision not to let the boom get out of hand, no matter how politically beneficial it might prove for the ruling family and how financially rewarding for the local people. Hence, when the bubble finally did burst, local companies and their banks were not so seriously affected.

Like the Emirates nearby, however, Qatar is clearly overbanked, having 14 commercial banks serving a population of around 220,000 (most of whom do not use banks). Moreover, 70 per cent of the available business is in the hands of one bank, the Qatar National Bank, leaving the others to compete for the remaining 30 per cent.

In recent years, there has been some spreading of the state's business to the new locally-established banks, but this can be expected to be only minimal until the new institutions get themselves firmly on their feet.

Business, too, is becoming smaller. The value of cheque clearings is falling, as is the number of accounts, and more importantly, demand for credit. Total Bank credit in December 1983 stood at QR 6.05bn, but a year later this had dropped down steadily to QR 5.44bn at the end of 1984. Bank managers *say they are being extremely* cautious about new loans, and are now demanding full disclosure of company balance sheets or independent auditors' reports. Some say they are barely lending at all, and if they do, the loans are registered under U.S. or British laws.

Indicators

Growth in deposits, too, has been static reflecting the reduced earnings and capital outflow caused by political uncertainty in the region. In 1983, private sector deposits grew by a meagre 0.05 per cent, against a 14 per cent jump the year before. Time deposits absorbed a greater proportion of the total than previously, indicating that Qatari residents are preferring to hold on to their money rather than spend it locally. The year 1984 saw some improvement in the rate of deposit growth. Bank deposits increased from a year-end 1983 total of QR 7.8bn to QR 9.6bn a year later. More than one-third of the total was held in time and savings accounts in foreign currency.

Overall, footings of the banking system are showing steady growth after a small shrinkage in 1983 when total assets and liabilities *fell from QR 11.7bn* to QR 11.4bn. Last year the figure stood at QR 13.2bn. Foreign assets increased considerably last year from QR 5.3bn to QR 7.7bn.

The profits picture in 1984 has been mixed, too. Qatar National Bank recorded a modest growth from a net profit figure in 1983 of QR 81m to QR 88m last year, and the Commercial Bank of Qatar showed an increase from QR 20m to QR 26m in the same period. The newcomer, the Doha Bank experienced a drop in net profits from QR 41m to QR 33m. Al Ahali Bank, the newest entrant to the country's banking scene, has yet to produce accounts.

The foreign banks also showed mixed results. Citibank, for example, fell from a 1983 profit of QR 539,461 to a loss of QR 1.2m last year. Grindlays profits jumped almost three times to QR 1.4m while the British Bank of the Middle East and the Arab Bank ended up virtually the same. Standard Chartered Bank suffered a drop in profitability from a December 1983 figure of QR 2.7bn to a mere QR 404,933 last year.

Foreign banks, too, may now be taking an extra hard look at their loan portfolios, while others may still be accruing interest on loans which may be doubtful. About 80 per cent of all credit in Qatar is unsecured, and Qatari banks have indulged, like their contemporaries in the rest of the Gulf, in extensive name lending.

The practice is understandable given that no form of collateral other than cash exists. Land is frequently taken as collateral, but its value in the event of default is uncertain. Land values have plummeted in the last year or so by as much as 40 per cent on average and slightly less in prime areas.

Moreover, enforceability of mortgages is virtually untested in Qatar. There are currently about 50 cases of foreclosures before the Qatari courts, and local lawyers believe that *if* a building were to be seized by a bank, then the property would become virtually unsaleable in the local market. Tribal and family connections could deter any local businessman buying up properties which come into the market as a result of a court case.

Resort to the courts is also bad for the image of a bank, local managers point out, in a place as small as Qatar. So far, none of the court cases in Qatar concerning non-payment of debt, has come to a conclusion, though some have been in the courts for two years or more. Previous judgments, however, have tended to limit interest to 5 per cent or less.

Predictions

The only benefit to bankers can see from resorting to the courts is that a court judgment can establish preferential rights for one creditor over another. Qatar, like other Gulf states, does not have a bankruptcy or receivership law. Some bankers are predicting that the future could herald a "day of reckoning" when some of the *local banks will be forced to* write off substantial parts of their loan portfolios. Most are predicting that results in 1985 and 1986 will be even worse than last year's, and the economic situation will only pick up as the North Field development begins to impact on local companies.

However, the loan situation in Qatar is nowhere as bad as in nearby states. Local bank managers say that it is not expected that any of the big local banks will fail to weather the recession. Many are run on a shoe-string and, as a result, will scrape through, though at much reduced levels of profitability than in the boom days.

Qatari businesses have *frequently looked to their* banks to finance capital requirements, and this practice still continues. As a result a large proportion of local bank loans are for working capital. However, the Qatari banks do not as yet appear to suffer a directors' lending problem, as has happened in the Emirates where bank managers face pressure from their directors and chairmen for funds. Some believe it may be more difficult for some of the local banks to refuse to lend to ruling family members though it is not thought to be a large scale problem.

The solidity of loan bank loans is of course the responsibility of the Qatar Monetary Agency, but local bankers say they detect little signs of activity customarily expected from central banks in a period of recession. Some managers criticise the agency for rigidly *sticking* to dogma on such matters as bank interest (interest is limited to 9.5 per cent a year on loans and 7.5 per cent per annum on deposits) rather than looking at such issues as reserves and the need to act as lender of last resort.

The Qatar Monetary Agency did, however, move last year to penalise banks disobeying the rules on bank interest. Given that the recession has yet to bottom-out in Qatar, the agency may need all the political clout it can muster in the difficult days which lie ahead.

Bold plans to tap major reserves

Natural gas sector

MAGGIE FORD

TO MANY senior Qataris, the country's enormous reserves of natural gas in the offshore North Field must seem to be more trouble than they are worth. The field, perhaps the largest in the world, should ensure the country's economic good health for many decades, but the problems of developing the field and the arguments about how to proceed are still continuing.

One fact seems (fairly) certain; that the reserves of other gas which Qatar needs to run its industrial, power and water desalination plants will start to decline by 1988. Development of the North Field must be in place by then, which means a starting date of 1987 at the latest on project work. Action is therefore needed now.

The problems facing Qatari policy makers have fallen into four very basic categories ever since the field, with proven reserves of 150 trillion (million million) cubic feet, and perhaps more than double that, was discovered by Shell in 1972. They are:

- When to develop the field.
- How to develop it, both technically and financially.
- Who to choose to develop it.
- Where to sell the products from the development, and at what prices.

The first problem has now apparently solved itself but at the same time, an ambitious plan is evolving which could provide the solution to the other three difficulties as well.

Qatar's domestic need for North Field gas from 1988 will be relatively small—about 600m cubic feet per day at maximum. The state runs a number of industrial plants off gas, producing petrochemicals, steel and fertiliser giving the plants a much cheaper feedstock than their competitors in other non-oil producing countries.

Market glut

This gas is derived from associated gas produced with oil, an ever less reliable source recently as oil production has been falling in line with the glutted world market and Qatar's quota in the Organisation of Petroleum Exporting Countries.

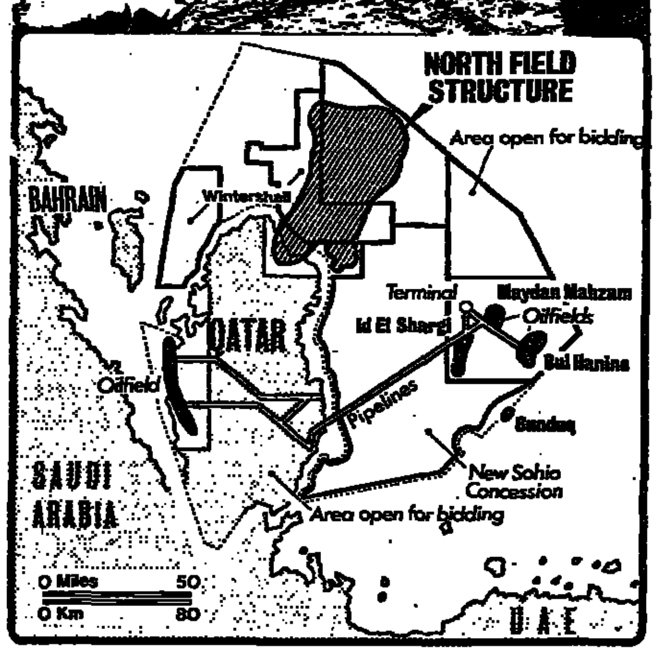
Qatar has been able to top up its gas supplies from a further source, the non-associated onshore Khuff field, but this will be unable to provide fully for the country's needs after 1988.

The cost of the first phase of the project to develop the North Field will be at least $500m and perhaps as much as $1bn. The Government announced some time ago that it would develop this first phase itself and the economics of spending that much money to produce gas for industries which make modest profits at best and frequently losses would not please even the most profligate Finance Minister, much less those running a country well-known in the area for prudent management.

The economics change drastically, however, if the volume of gas produced is increased, because of the other products—condensate and natural gas liquids—which are present with the gas.

The sale of these products, which are unaffected by Opec quotas, and which Qatar already has some facilities to process could make the project cost-effective if gas were produced at the rate of 2.4bn cubic feet per day (cfpd). Output of condensate would be 50,000 to 70,000 barrels a day (b/d) along with 120,000 b/d of natural gas liquids and about 40,000 tonnes a year of sulphur.

The problem then arises of what to do with the additional 1.8bn cfpd of gas. One answer is to liquefy it and ship it abroad for sale, and several years ago Qatar joined the end of a fairly long queue of countries trying to get a straight answer out of the Japanese. No commitment was secured—Australia and Indonesia were the most successful contenders—and a pall of gloom descended on Qatar's gas planners.



OIL AND GAS CONCESSIONS

Closer to home, however, an idea began to emerge. Further up the Gulf, Kuwait was experiencing serious trouble in acquiring enough gas to run its industries. Failing oil production had sharply cut its associated gas supplies and millions of dollars were spent on a fruitless search for unassociated gas. Qatar gas might be the solution, and Kuwait could take perhaps as much as 800m to 1bn cfpd. A pipeline would be needed, costing, perhaps, $450m, and routed through Saudi Arabia.

That country also has had a gas supply problem, though not a long-term one. It has taken the brunt of the fall in Opec production, seeing its output almost halved as other members over produced, with the obvious effect on associated gas. Its reserves of unassociated gas, although large, are not yet able to take up the slack and its new showpiece petrochemical complex at Jubail is running at only half capacity.

For a year or two at least Saudi Arabia could do with a little help from Qatari gas, especially when the seasonal fluctuations in oil demand depress production.

Gas grid

Thus, the idea of a Gulf gas grid was born. The plan extends theoretically also to the United Arab Emirates, which are gas rich but suffer from demand

All the Gulf countries suffer a demand fluctuation problem. Their own requirements for power to run more air-conditioning and produce more desalinated water are higher in the summer, when the industrialised countries require less oil for industry and heating, so reducing the local associated gas supply. The gas grid would enable Gulf countries to turn the tap on or off to suit their requirements.

Encouraging though the idea was, however, the figures did not add up for Qatar. There were still 800b cfpd of gas to be dealt with: technical experts studied the idea of re-injecting the gas back into the field. There were two options, to top up the inshore Khuff field, and so prolong its life, and to re-inject back into the North Field.

Khuff could take about 200m cfpd, it was agreed, but an argument ensued about re-injecting into the North Field. Apart from the high cost of reinjecting such a large amount at high pressure, there was a risk that the reinjected gas could travel under the field structure, re-emerging at the producing well and replacing the liquids which were making the project viable in the first place.

At this stage another player took the field. Turkey, an industrialised country with a severe energy shortage, had already started talking to both the Soviet Union and Iran about gas supplies, but non-aligned Qatar, was an attractive option. A pipeline extension from Kuwait to Turkey via Iraq would cost about $1bn and Turkey would be able to take about 800m cfpd. At last the figures were right for Qatar.

Turkey, however, had something even more ambitious in mind. Perhaps with a view to contracts and its own strategic position on the borders of the Soviet Union, it proposed that in due course, the pipeline should be extended through Turkey to Greece, joining the Italian gas pipeline and eventually supplying Europe at the end of the century—when more gas will be needed.

The pipeline would be an alternative to the Soviet pipeline and although the size of the project was huge—costing at least $10bn—it could well have enough strategic value to win the international backing, particularly from the U.S., that it would need.

For Qatar, wearied by years of polite "maybes" from Tokyo, the plan had at least as much attraction, and would not in any case conflict with its original plan to liquefy the gas and ship it to Japan as LNG. And if the Turkish option could be agreed, the future was assured at least for the next 15 years.

Officials moved into action on the third problem—who was to develop the field—but ran into trouble almost immediately. Before the gas grid idea had been fully exployed, an American company, Fluor, had been commissioned to prepare a feasibility study on the development of the domestic phase of the field alone.

The study was reported to have recommended development a rate of 2.4bn cfpd with the sale of the liquids and condensate providing revenue to service any loans needed for the development costs. The excess gas was to be re-injected, it is understood.

Apart from the technical arguments about re-injection, taking place mainly within the Qatar General Petroleum Company (QGPC), there were fears among the local community that work on the country's largest project would not be shared out equitably, since Fluor seemed to have gained a head start. So rife became the complaints that the Government, in the person of the Heir-apparent, Sheik Hamad bin Khalifa al Thanal, ruled that the initial contract must be thrown open to all-comers. This month 33 companies made proposals and a shortlist of six was announced.

The companies are the two U.S. concerns, Fluor and Bechtel, both represented locally by Jaedah Trading; Foster Wheeler of the U.S., as yet unrepresented; MW Kellogg with Lummus Crest, also American and represented by Mannai Trading; the French company Technip, unrepresented, but with a connection to the local agent, Teyseer; and an Anglo American consortium of Ralph M Parsons; and Worley Engineering, as yet unrepresented, but with a previous connection to the local Al Mana group.

According to QGPC, the contract is to be awarded shortly and the winner will be responsible for installing production platforms, pipelines, onshore gas treatment and fractionation plants, and gas liquids for export systems. Facilities would also be needed for domestic gas distribution, injection and export, covering a total volume of more than 2bn cfpd.

The contract is worth betwen $500m and $1bn with part of the discrepancy accounted for by the possible need for a liquefaction plant and additional natural gas liquids extraction facilities.

Two other contenders for the development of the field exist, both of whom already have agrements with the Qatar Government. The West German oil company Wintershall, a subsidiary of BASF, has a concession agreement which covers part of the North Field. It is understood that QGPC has just replied to a proposal from Wintershall that it would develop the domestic phase of the field in return for the right to market the liquids, and it seems posible that this company may win a share of the work.

Export phase

The other agreement was signed in 1984 with British Petroleum and Total-CFP, the French oil company. Under this agreement the two companies were to be involved in the export phase of the development, which then envisagd the sale of up to 6m tonnes per year of LNG to Japan. This LNG project was to be owned 85 per cent by QGPC and 7½ per cent each by BP and Total-CFP, with additional equity available for Japanese buyers. The status of the LNG project is now unclear, although exports were not in any case planned until the 1990s.

It remains an alternative to the European pipeline plan, and could also take up the slack if the Turkish pipeline scheme does not come to fruition, assuming that markets can be found.

The grid idea is useful to the Gulf countries for security as well as financial reasons. The war between Iran and Iraq shows little sign of ending and offshore installations are still under threat. The ability to hook into a guaranteed gas supply from another country if production were shut down by an attack would provide some peace of mind.

Sceptics, and there are many, doubt the political will of the members of the Gulf Co-operation Council to live up to its name. Few agreements have been signed and little of substance achieved over the GCC's life, they say. It may be, however, that in the face of economic recession, worry over internal security and the war between their neighbours, the Gulf countries will feel the need to demonstrate more clearly their solidarity.

November's GCC summit, to be held in Oman, the country which could be at one end of the gas grid, might be an appropriate occasion to announce the beginning of a serious attempt at regional co-operation.

Talks on the Turkish extension of the pipeline are still at a fairly early stage. A joint committee has had two sessions and a number of meetings between heads of governments have taken place.

Attractions

Turkey will require its gas in about two years and diplomats say that one of the attractions of a supply from Qatar is the relative speed and ease with which the gas can be extracted in comparison with Iranian gas.

Pointing out that the Soviet Union is having talks with Japan about the exploitation of its Sakhalin gas field in the Soviet Far East, the diplomats suggest that the European pipeline idea could have important strategic implications for Europe and the U.S. towards the end of the century.

The U.S. is known to be concerned about European dependence on Soviet gas supplies and the fact that Mr George Shultz, the U.S. Secretary of State, formerly worked for Bechtel has prompted some industry executives to favour the company's chances of winning a major part of the work. The viability of the European pipeline is very much in doubt, however.

European demand for gas is not expected to expand until the end of the century. And competition from Algeria and the North Sea, quite apart from the Soviet Union, is likely to be severe, particularly on price. It seems likely that a political decision will be needed to allow the project to go ahead.

Ironically, the idea may well prove strategically more attractive in 15 years' time if it also involves Iran, with a pipeline from that country, and Qatar continuing side by side with Turkey.

The Qataris, who rejoiced in the promise of a secure future in 1972, cannot have imagined the shape that that future might eventually take, or the importance that their tiny country might attain in an increasingly troubled world.

OIL SEARCH INTENSIFIED

THE AWARD of a new concession agreement to Sohio, the U.S. oil company, signals a new phase in Qatar's attempts to find new resources. Two other areas have been identified for prospecting and bids invited. At the same time speculation is emerging that the patience of the West German oil company Wintershall, which has two concessions in Qatar, may finally be about to pay off.

Under the agreement with Sohio, the oil company will survey an offshore area of 4,000 km and drill at least five exploratory wells over four years. The company has presented a bank guarantee of $25m to the Department of Petroleum Affairs as an earnest of its good faith in doing the work, the first time any such guarantee has been demanded. It is also to set up a petroleum library in Doha at a cost of $1.5m.

Under the 25-year agreement, if a commercial discovery is made, the company will pay the costs of development and reclaim its investment at the rate of 30 per cent of the oil revenue. Further income will accrue to the company at a rate of between 10 and 20 per cent of the oil revenue, depending on production levels.

Wintershall has two offshore concessions to the north and west of Qatar. The northern one lies in the lower section of the North Field natural gas reserve but development has been held up because of the perceived need for a plan for the field as a whole. Wintershall submitted proposals to the Qatar General Petroleum Corporation, which it is understood involved the company paying for the cost of developing the concession area in return for the right to market and take income from the sale of liquids produced with the gas. It is understood the QGPC has now sent a draft plan to the company in response to its proposal.

The second Wintershall concession lies in a disputed area between Qatar and Bahrain. Both countries claim nearby Harwar Island as their own territory and development of the concession has not been allowed to proceed, although it is thought to include a promising oilfield. Recent indications suggest that mediation by Saudi Arabia may have been successful and that a formula for development of this resource may be soon drawn up to the satisfaction of both countries.

MAGGIE FORD

QATAR 4

Severe impact on economy

Cutback in oil production

MAGGIE FORD

AS HE left the crisis meeting of the Organisation of Petroleum Exporting Countries (Opec) in Vienna earlier this month, Sheikh Abdulaziz bin Khalifa al Thani, Qatar's Oil Minister, must have been relieved that the meeting was not being held a year earlier.

The Minister was able to say that Qatar would go along with anything decided by Saudi Arabia and Kuwait, safe in the knowledge that his country had been abiding by its Opec production quota, unlike certain others. Their failure to observe the rules has precipitated a fall in Saudi production to about 2,500 barrels a day (b/d), just over half its planned output, provoking harsh words and perhaps even threats.

This year Qatar has behaved itself, but had the meeting been held at the same time last year, the picture could have been very different. In the first quarter of 1984, production averaged 404,396 b/d of which up to 30,000 b/d is used domestically. Despite its then-prevailing Opec quota of 300,000 b/d, production rose in the second quarter to 436,264 b/d and hit a peak output of 513,333 b/d in June.

It was not until the October Opec meeting which reduced Qatar's quota to 280,000 b/d from November, that it fell into line. Since then output has remained at or below quota and market reports suggest that it has been necessary to discount on price in order to sell even the permitted amount.

Earlier this year the Qatar General Petroleum Corporation (QGPC) agreed a number of contracts amounting to a total of 140,000 b/d. The buyers were the Japanese companies, Marubeni (40,000 b/d); and Mitsubishi (15,000 b/d); the Saudi and French concern Satoil, (30,000 b/d); Carey Energy (30,000 b/d); Neste Oy of Finland (25,000 b/d).

Negotiations are at present going on about reductions in the price, it is reported. Qatari oil is being sold on the spot market at a $1 discount on the official price of $28.10 for the onshore Dukhan crude and $28.05 for the offshore Marine crude.

Abiding by the Opec production quota: Qatar's Oil Minister, Sheikh Abdulaziz bin Khalifa al Thani. Oil exports account for 90 per cent of Qatar's income

The fall in production is having a severe effect on Qatar's economy. More than 90 per cent of its revenue comes from oil exports and at current levels of production and price some estimates suggest that it can cover current spending only, leaving no money for investment in new projects. This is a matter of great concern, considering the high cost of developing Qatar's other resource, the North Field natural gas reserve.

Mr Ali Jaidah, managing director of QGPC, points out that even with an effective oil price reduction of 40 to 50 per cent since 1982 there has been no stimulus to demand. He feels that if there is no agreement with non-Opec producers such as Britain, Egypt and Oman to cut output, then a major price cut may be in sight.

Although lower output is extending the life of Qatar's oil reserves, which are expected to last for 45 years at the current rate of production, the lower level has a double effect on the country's income.

A reduction in associated gas from the oilfields had meant that downstream industries have been unable to run at full capacity. This has led to losses and makes it even more important for Qatar to develop its additional sources of gas in the North Field. Reserves of condensate in the field are additionally thought to be double the amount of present oil reserves.

These are estimated at 4.8bn barrels, one of the lowest levels in Opec. The onshore Dukhan field is thought to contain reserves of 2.5bn barrels, with a total of 2.3bn barrels in the three offshore fields—357m barrels at Id Shargi, 843m at Mydan Moahzam and 1.1bn at Bul Hanine. Attempts are being made to extend the life of the offshore fields through a secondary recovery programme of water injection and dump flooding.

Qatar oil production

Figures for 1985; barrels per day

	Offshore	Onshore	Total
Jan	170,000	117,000	287,000
Feb	136,260	129,700	265,960
March	143,500	138,500	282,000
April	133,000	132,500	265,500
May	130,000	153,000	283,000

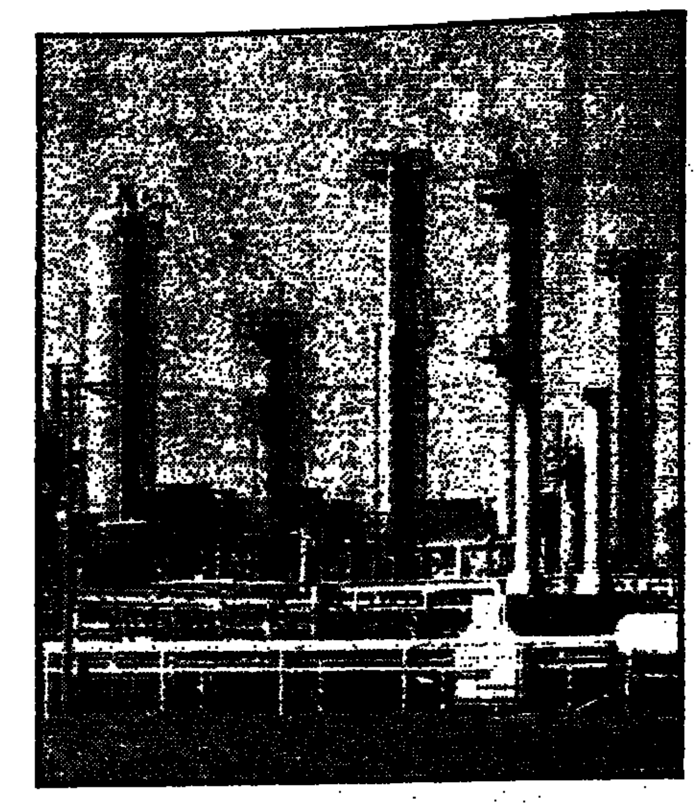
Oil production from the offshore Bunduq field, jointly owned by Qatar and Abu Dhabi, has also resumed following a four-year closure to allow for a $330m secondary recovery programme. Production was expected to reach 20,000 b/d by later this year.

Despite problems with pipeline corrosion from the offshore oilfields, production of natural gas liquids is continuing to increase. Qatar has two NGL plants, one dealing with onshore gas from the Dukhan field, the other with offshore production.

Output of propane rose 63.5 per cent in the first half of last year over the same period in the previous year to 199,831 tonnes, butane production rose 62.5 per cent to 138,252 tons and condensate climbed by 50 per cent to 106,955 tons.

Export sales for the first half of last year showed an increase of 62.3 per cent. Both the offshore pipelines are being monitored for deterioration and contingency plans are being prepared in case they need replacing.

A further source of future export income and savings on imports is the new oil refinery built by Technip, the French company. It is now onstream and working at half its capacity of 50,000 b/d. As a result Qatar is self-sufficient in refinining products, reducing the strain on the deficit on the current account, at a time when every little helps.



Qatar's petrochemicals sector has been hardest hit by recent gas shortages. Above: a section of the Umm-Said refinery and gas plant

World prices bring problems

Industrial sectors

MAGGIE FORD

FALLING world prices dogged the fortunes of Qatari industry over the past year, elbowing out concern about feedstock supplies as the top worry on industrialists' minds.

The country's industry is based on petrochemicals, steel and fertiliser plants designed to take advantage of cheap gas supplies which would otherwise be wasted.

A shortage of gas has resulted in recent years because much lower oil output has reduced the production of associated gas. This has particularly affected the petrochemical plant which this year is working at 60 per cent of capacity, but both the steel and fertiliser plants were working over their designed capacities.

Low world prices have caused further losses at the steel concern and reduced profits at the fertiliser plant. The three concerns are all operated by foreign companies with a minority interest, the majority interest being held by the Qatar Government.

● Qapco, the Qatar Petrochemicals Company, is a partnership with the French company CDF Chimie, which has a 16 per cent share. Qapco has always suffered from a shortage of ethane-rich gas and has thus never made a profit.

To solve the problem it is building an ethane recovery plant at a cost of $55m which is expected to be completed at the end of this year. The plant will boost feedstock supplies by up to 500 tons a day of the 1,100 tons a day requirement.

Next year the plant should work at full capacity but profits may not be assured because of price difficulties.

In 1984 Qapco's production was 204,000 tons of ethylene, up by 40,000 tons on 1983. Low density polyethylene output increased by over 5,000 tons to 150,000 tons and sulphur production was up to 33,000 tons from 19,000 tons the previous year.

Prices slumped severely however, with low density polyethylene LDPE selling for $500 a tonne in 1984, although some recovery has been made since. Qapco exported all of its LDPE last year under its marketing agreement with CDF Chimie to Saudi Arabia and other Gulf countries with China taking 37 per cent.

● Qafco, the Qatar Fertiliser Company, owned 24 per cent and operated by Norsk Hydro of Norway, is the jewel in the country's industrial crown. In 1984 it reported record production and a net profit of QR 172m. It was able to make an additional payment of QR 100m on its Government loan and production was above designed capacity.

Ammonia output was up 46,000 tonnes to 632,000 tonnes and urea production up 49,000 tonnes to 734,000 tonnes. In 1984 India was Qafco's largest customer for both products, taking 40 per cent of the 716,000 tonnes of urea exports and 60 per cent of the 202,000 tonnes of ammonia exports. China was also a major buyer. Both these countries are remaining out of the market at present, however, and prices have plummeted, with urea at $100 a tonne.

Although production in the first six months of 1985 has exceeded last year's rate, Mr I. Skogestad, Qafco's managing director, feels that the outlook is bleak over the next six months. A net profit of more than QR 100m is unlikely for 1985.

Supplies

Qafco receives its gas feedstock from associated gas at the onshore ad offshore plants, topped up if necessary with gas from the onshore Khuff structure under the Dukhan oil field. It does not expect difficulty with supplies before 1990, depending on the level of oil production, but will be dependent on gas from the North Field as supplies from Khuff begin to decline.

● Qasco, the Qatar Steel Company, has two foreign partners —Kobe Steel of Japan with 20 per cent, the plant manager, and Tokyo Boeki, the sole marketing agent with 10 per cent.

The first integrated steel mill in the Gulf, it has produced up to its capacity for several years, but has been hit by low prices caused by world over-capacity in the industry and by dumping in the Gulf area by producers such as Brazil and South Korea.

In the first half of this year the plant produced 263,000 tonnes of steel, most of which is exported to the Gulf area, particularly Saudi Arabia. Qasco enjoys a 10 per cent tariff protection in Qatar against foreign imports and is hoping for more protection in the Gulf area for local producers. Its hopes seem unlikely to be fulfilled, however, as most of the Gulf countries are still big steel importers.

Meanwhile, prices have fallen to around $230 a tonne, which are likely to produce a further loss this year. Qasco is considering a plan to build a new plant to increase its capacity, thereby lowering unit costs, but it seems unlikely that the Government will feel that further investment is worthwhile in the near future, with no sign yet of recovery from the recession in the area.

Students receive their degrees at Qatar University

Traditional values under strain

Social changes

KATHY EVANS

MUCH TO Qatar's surprise, a number of worrying social problems have emerged in recent years, problems which this Wahhabi state never imagined it would have to face. Government planners are finding that it is easy to create a de luxe welfare state, build Sheraton hotels and so forth, but much more difficult to promote a work ethic or sense of social responsibility among its cossetted youth.

The dimensions of the problem are large because of the structure of the Qatari population—over 40 per cent of the community is under 15 years.

In a small town like Doha, bereft of entertainment apart from sports, young boys seek to alleviate their boredom in ways more normally associated with Western cities suffering massive unemployment and social deprivation. Qatar has found that not everything can be solved by the formation of football clubs, of which there are eight in Doha.

It has now decided to spend £60m on expanding sports facilities beyond football and is considering a plan to extend the highly popular Doha Zoo by installing an aviary, an amusement park and a boating lake. More education facilities are likely to be established at the zoo to try to interest young people in their traditional heritage.

The Government has been less quick to recognise Qatar's growing drug problem, however. Perhaps exaggerated by the strict Islamic ban on alcohol, this problem now spreads across the whole range of drugs, from heroin (91 addicts are registered in Doha, say local hospitals), to hashish, cocaine and glue-sniffing.

Doctors blame excessive leisure and a lack of discipline at home and at school, but the Government has not yet been persuaded to set up a treatment centre.

"The Government is reaping what they have already sown. Youngsters have little motivation and are caught in an identity conflict between the tribal traditions of the past and the influences they receive while on holiday," says one doctor.

Because social and sexual freedom is forbidden in this Wahhabi state, doctors counsel youngsters to return to the virtues of Islam and the tribal way of life.

"To get them to work out their problems would raise too many questions about their present way of life. Religion can prevent further deterioration," suggests one local psychiatrist.

The majority of patients seeking counselling are, in fact, women, many of them suffering from chronic depression and sheer boredom. The prevalence of, domestic servants in Qatar has robbed women of a role at home, which the state has not replaced by other forms of work. Even so, education officials such as Mohammed Abdullahal Ansari, still firmly believe that "God created jobs for women," and therefore there is no need for women to work outside the home.

Nevertheless, the Government still encourages the education of Qatari women, and the majority of students at Doha University are women.

So far, the engineering faculty has been closed to women applicants and the government has recently restricted scholarships for women. They are allowed to study only in Saudi Arabian, Kuwaiti and Bahrain universities. Avenues of work after education are also restricted to teaching and nursing, where contact with men will be limited.

Rejection

Few women have managed to penetrate the other government ministries, despite repeated applications. Women either fail to receive an answer to their job applitions, or receive a straight "no." The result of this is an educated female elite, frequently bored to the point of neurosis.

Such difficulties have caused a backlash against education among Qatari women, for the few brave women who have made it through university overseas or at home, face other problems than finding a job. Anise al Zubeidi of the Qatar Red Crescent Society points out that unless a woman gets married before going to university, she has little chance of getting married after that, for even the most educated Qatari men hesitate to take on an intellectual-equal as their wife.

This phenomenon has caused many Qatari girls to think twice about becoming educated. Even if the girl does not marry, she will still have to obtain permission to work from her father and brother.

"It's not just the government which says no," says Anisa, "but also husbands, fathers and brothers who refuse women permission to work."

Women may also face the prospect of marriage at an early age, frequently during the 'teenage years. Many marriages in Qatar are within the family, usually to cousins, and this, too, has bred a higher than average ratio of handicapped children in the local community. At the Red Crescent centre for handicapped children, Anisa says that many of her charges are from one family.

"I have here three sisters from one family—all deaf and dumb." Medical groups and a number of women have spoken out on this problem, usually discreetly through the columns of the local press but, so far, the Government has yet to express an opinion on it. After all, marriage between cousins is a tribal tradition.

THE PROPERTY MARKET

BY MICHAEL CASSELL

Citicorp prepares for 'Big Bang'

CITICORP Investment Bank is to create the City of London's largest securities trading floor in the former Billingsgate market building, which it has purchased for £10m.

It also emerged this week that Samuel Montagu, the merchant bank, which in February cancelled plans to occupy the newly developed offices alongside the old fish market has again changed its mind and is set to move in next door to Citicorp. The about-turn follows the announcement that Montagu is to revert to being a fully owned subsidiary of the Midland Bank.

Citicorp, a subsidiary of Citicorp New York, has purchased the freehold of the old fish market building from S. and W. Berisford and London and Edinburgh Trust, joint developers of the adjoining 185,000 sq ft twin office towers. Permission to restore and refurbish the listed property, at a cost in excess of the purchase price, was given this week by the City of London planning committee.

Citicorp, which ultimately plans to raise its 29.9 per cent holding in stockbrokers Scrimgeour Vickers to 100 per cent, intends to create a 30,000 sq ft market floor capable of housing its unified securities operations. The floor will accommodate about 400 people and should be ready in time for next October's "big bang." The refurbishment will also provide extensive retail and restaurant space, accommodated in the double-height, vaulted basement and open to the public.

In July 1984 Montagu agreed terms to lease the entire Billingsgate complex, embracing the new office towers and the original market building. The rent of over £6m a year made it the largest letting deal ever seen in the City of London.

By the end of the year, however, Montagu—then jointly owned by Midland Bank and Aetna Life—found itself in the middle of a management crisis, culminating in the departure of Staffan Gadd, the chairman. One major policy difference centred on Gadd's belief that Montagu should move to Billingsgate, where it could also accommodate W. Greenwell, the stockbroking firm in which it intended to purchase a half share.

Montagu has since announced plans to acquire full control of Greenwell and, in a move which will be interpreted as a vindication of Gadd's stand about the need to relocate the merged business, Montagu's new management finally appears ready to do just that. For the moment, the bank will only say publicly that no decision has been taken but it now seems certain to occupy Billingsgate.

Investment cash cut

INSTITUTIONAL investment in UK property reached £376m in the first quarter of 1985, a 10 per cent reduction in the level recorded during the last three months of 1984.

Total investment by pension funds and insurance companies just topped £1.5bn in 1984 and the recent revival of interest by investors is expected to lead to a higher figure in the current 12 months.

Although the first-quarter total was down on the preceding three months, it showed a healthy £78m rise on the same period a year earlier. During the first quarter of 1985, pension funds cut back their spending on property to only £129m against £189m in the previous three months. Over the same period, investment by insurance companies fell back from £203m to £199m.

● British Rail Property Board made a record cash contribution of £200m to British Rail's finances in the 15 months ending March 1985. The cash, an increase of nearly £100m on the calendar year 1983, was generated from sales and letting activities. Gross receipts from the sale of property reached nearly £153m and rental income reached over £82m.

● MEPC has pre-let its 50,000 sq ft office building in Bridewell St, Bristol—before building work has started—to Arthur Young, the accountants, at around £8 a sq ft.

Bride Hall beats the field

DANNY DESMOND'S Bride Hall Developments, in partnership with Postel Investment Management, is to develop an £87m business park in Bracknell New Town, Berkshire.

The development team is believed to have paid around £22m for a 35-acre industrial site in the town's southern industrial area. The site was offered for sale by informal tender and several of the UK's largest development groups and institutions submitted bids.

The purchase, from the Commission for New Towns, who were advised by Drivers Jonas, paves the way for the development of one of the best-located business parks in the south east and ICL, the computer group, is already thought to be in line to be the first tenant. The group is believed to be looking for a building of around 90,000 sq ft and is contemplating an annual rent of over £1m a year.

No planning consent exists but the local authority supports a major office development and it is thought that Bride Hall will want to create around 650,000 sq ft of accommodation. Work on the scheme is likely to start early next year.

Bride Hall and Postel are reluctant to talk before contracts have been exchanged but it is understood that they intend to repeat the form of partnership adopted at Letchworth Garden City, where they are currently developing a £60m business park. Under the arrangement, Postel puts up the cash, the partners share development profits and Bride Hall also takes project management fees.

The Bracknell victory represents another major boost for Bride Hall, formed by Desmond in the wake of his unhappy departure in 1983 from Hunting Gate, where he was group managing director. At Letchworth, where the first building has been built and leased back to the Development Corporation, a further two lettings—involving a combined total of nearly 100,000 sq ft—have just been agreed and planning permission is being sought for a 70,000 sq ft Texas store.

Credit keeps retail rents rising

THE consumer spending express train that has put retail top of the property investment charts should by now, according to the experts, have ground to a halt under the weight of high interest rates, rising unemployment and the lingering aftermath of the miners' strike. Yet the momentum has been maintained and retail rents keep steaming on and upwards.

According to a new retail report from Debenham Tewson & Chinnocks, the spending boom may not be about to burst completely but it will certainly deflate over the coming months. Even so, the agents believe there is a good deal of mileage left in it yet and that shop rents should continue to show real increases throughout the rest of the year.

"Shops: The Dynamics of Demand" spells out the reason behind the spending spree, not least the expansion of credit following the consumers' readiness to abandon the "stigma" of debt and exploit credit to the full. The report also cites the development of new attitudes which include "instant gratification and self-indulgence" as important elements in the consumer boom.

Even so, the average UK consumer has a long way to go to match his American counterpart. In the U.S., average debt per head in 1983 was over £5,000 a head compared with only £950 in the UK, which now seems to be doing its best to catch up.

Debenhams say that, even if government is forced to impose measures to restrict inflation, the impact of new products and better presentation should be among factors making consumer spending more resilient. The end result is that the retail sector should remain buoyant and prime yields are likely to stay almost absurdly low, although a two-tier market will develop as investors widen their parameters.

DAVID LAWSON.

Rosehaugh picks up two town centres

SHEARWATER Property Holdings, the Rosehaugh Group subsidiary formed last year, has picked up two major town centre redevelopment schemes, just two weeks after the company announced it had been chosen to help with a £50m urban renewal project in Southampton.

Shearwater has now been appointed by the South Lakeland district council as its partner for the redevelopment of Kendal town centre, Cumbria. The two-acre scheme will have a completed investment value of around £15m. Work will start early next year on a project which attracted over 40 interested developers.

At Prescot, Merseyside, Shearwater has been chosen by Knowsley borough council for its £9m town centre redevelopment. There will be 50,000 sq ft of shopping and a 20,000 sq ft supermarket.

● Max Factor is to occupy Waterman's Park, the 21,775 sq ft Brentford office scheme developed by Dimsdale Developments. Starting rent is £305,000 a year, although a cash contribution of £355,000 reflects a rent-free period and partial fitting-out costs. Drivers Jonas acted for Max Factor and Richard Ellis represented Dimsdale.

● PHH International, the U.S.-owned vehicle leasing company, is investing £12m in a 130,000 sq ft UK headquarters building at Windmill Hill business centre, being developed outside Swindon by St Martins Property Group. The decision follows a long search by PHH for a suitable site and St Martins' agreement to sell 16 acres of the 80-acre complex is an indication of the developer's wish to speed up the rate of progress at Windmill Hill. Four of the speculative units on site have been let and about 20 acres have been developed.

● Hewlett Packard is to build a 130,000 sq ft customer distribution centre alongside its existing premises at Winnersh Triangle, Reading, being developed by Wimpey Property and Legal and General Assurance. Rent agreed is around £1.25 a square foot. Strutt and Parker acted for HP. Weatheralls and Fletcher King advised Wimpey.

● Stockley, through Mellersh and Harding, have completed the first letting at Stockley House, Victoria, formerly Sovereign House. Intasun Leisure are taking 11,500 sq ft at an annual rent of over £200,000.

● Newly formed ARC Properties has prelet its 13,200 sq ft office development at London Road, Bracknell to Cray Research (UK) at £13.95 a sq ft.

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Good sense on housing

IF THE British Prime Minister is genuinely seeking radical and market-oriented new ideas with which to revamp the Government's faltering legislative programme, she need look no further than the report on the country's housing problems issued yesterday by the National Federation of Housing Associations.

The fact that a committee which included representatives of tenants' organisations and local authorities, as well as senior bankers and building society officials, has sought to address housing problems by strengthening market forces, rather than government intervention, is an encouraging indication of how far the Thatcher revolution has changed the climate of opinion in Britain. That such a disparate body was able to come up with a unanimous and coherent set of proposals may also be a tribute to the chairmanship of the Duke of Edinburgh. But most importantly, it is a reminder of how obviously counterproductive the distortions created by decades of regulation, subsidisation and fiscal manipulation have become.

Naturally there are many detailed aspects of the NFHA's analysis which can be questioned. Even the basic contention that Britain is suffering from a genuine physical shortage of housing is by no means self-evident.

Blueprint

In its main conclusions, however, the NAPF report provides an admirable blueprint for a sweeping liberalisation of this sector of the British economy. There are three interdependent strands in its recommendations. Large rent increases for private and council tenants alike would be required to raise returns on capital in both the private and public rented sector to economically remunerative levels. The committee suggests that rent controls should be retained, but that in setting "fair rents," rent officers should be legally required to ensure a net rate of return of 4 per cent on the open market vacant possession value of both private and council properties. Such rates of return, with a large element of inflation-proofing built into them by the long-run relationship between house prices and incomes, would make rented housing an attractive investment not only for individuals but also for financial institutions.

In many cases, however, very large rent increases would be required to achieve such returns on capital. In parts of London, for example, the commission quotes rates of return as low as 1 per cent gross, implying the possibility of rents increasing by several hundred per cent. To make the setting of economic rents politically and socially acceptable, the committee recommends a major overhaul of the housing benefits system. This would be designed to target benefits even more closely than at present to low income households. Nevertheless, a huge increase in social security expenditure would undoubtedly be required.

Radical

To finance this expenditure the committee recommends another radical measure, which would simultaneously redress one of the most serious distortions in the British fiscal system—the phased abolition of mortgage tax relief.

The abolition of mortgage relief would ultimately bring £3.5bn a year into the Treasury. In providing a cushion for the poor in both the rented and owner-occupied sectors, this money would be supplemented by the £2.7bn currently spent on housing benefits through the social security system and also a large part of the £2.4bn currently spent by central government on housing subsidies to local authority and on home improvement grants.

There is much room for improvement on the committee's proposals. It would be better to channel the gains from abolishing mortgage tax relief into general income support, rather than benefits directed specifically at housing. Some of the money saved from mortgage relief should also, inevitably, go into general tax cuts to make the package politically acceptable to the middle class. However, in showing that a genuinely radical and market-oriented economic strategy can be put together in a context devoid of ideological rhetoric and political machinations, the NFHA committee has done the nation a signal service—and set an example for the Government.

The crisis in world trade

THE DEADLOCK reached in preparatory work for a new round of multilateral trade negotiations within Gatt, the General Agreement on Tariffs and Trade, reflects not so much a crisis within that organisation as the crisis that threatens to overtake world trade.

Gatt is based on the principles of non-discrimination and of regulating protection, where needed, by predictable and bound tariffs. These principles are increasingly being circumvented by bilateral arrangements and supposedly voluntary restraints on the export of sensitive goods negotiated between individual countries.

Permitted to continue, the process would eventually undermine the international trading system built up so successfully after the second world war. A retreat would ensure a return to the wasteful protectionism and bilateralism of the 1930s. It need not happen if all concerned summon the necessary political will. But the failure within Gatt to make progress on almost all important issues is ominous. An inability to get the next Gatt round going in the coming year would be evidence that the organisation and world trade as we know it are very sick.

Obstacles

A political means must be found to bridge the gap which has opened up between the U.S. and a group of developing countries led by Brazil and India and which has prevented agreement being reached to call a meeting of senior officials to prepare for the next Gatt round.

The Americans want an outright commitment that, during that round, it must be decided to bring internationally traded services within the Gatt system. The theoretical and practical obstacles to doing so are enormous. The application of the Gatt principles to services would inevitably impinge upon the foreign investment and foreign exchange controls existing in many countries. An agreement even on outlines would be fiendishly difficult to reach and would certainly take a very long time.

Yet it would be wrong to shelve the idea of a liberal regime for service industries until a more propitious moment. The U.S. negotiators in Gatt have set their hearts on making progress in that direction. If they are denied it, the Gatt round may be postponed to the Greek kalends and Washington may seriously turn down the road of bilateralism. Exploratory talks have already been held with Canada.

Without something to show on services, the U.S. Administration will not be able to rein in the protectionists in Congress who are upset by the U.S. trade deficit and by the fate of struggling American industries. Fortunately the recent decline of the U.S. dollar, if sustained, may make that task a bit easier than it would have been a few months ago.

It may be possible to offer the U.S. negotiators what they need by exploring the Brazilian suggestion for twin track talks dealing with visible trade along one track and with invisibles along the other. It would be a matter for negotiation whether the second track should be within Gatt or not. The developing countries suspect that Gatt is politically and ideologically westward inclined. But the West should resist any attempt to pitch the matter into Unctad.

Concessions

The European Community which has been noticeably more reticent in its dealings with the developing countries should try to work for an agreement to examine at official level what should and could be done to liberalise trade in invisibles. The implicit commitment to move on to negotiations of substance if that should be found to be practicable could just allow the U.S. to unblock the road towards the next round on trade in goods.

Concessions must be made on both sides since, even without the Pandora's box of services, there is quite enough that needs to be done for visible trade. A code is urgently needed to govern the safeguards that Gatt members may take against surges of imports. Otherwise, *ad hoc* measures of protection will proliferate into a jungle. Another attempt, however difficult, needs to be made to tackle trade in farm goods which is distorted by a host of subsidies and variable levies. These are matters of prime interest to all Gatt members, but especially to the developing countries. Above all, the will must be summoned to prevent the break-up of a trading system that has served the world well.

LONDON'S COMMODITY MARKETS

Why the future may not work

By John Edwards, Commodities Editor

WHEN Mr Saxon Tate takes over as chairman of the London Commodity Exchange, he will face a challenge not unlike the one he will shortly be leaving behind as chief executive of Northern Ireland's Development Board.

The London commodity futures markets, particularly those which come under the aegis of the LCE—cocoa, coffee, gas oil and sugar—are fighting a battle for their very survival. Trading activity on the markets, in particular the sugar contract which used to be the LCE's mainstay, has slumped disastrously in recent years and the decline has accelerated in the last few months.

Floor dealers hang around aimlessly all day with little or nothing to do and morale amongst the member companies has fallen to a very low ebb.

Exchange officials blame the depressed conditions in the physical commodity markets themselves for the lack of interest in futures and claim everything will be all right once the cycle turns and things pick up again.

However, there are some pessimists who argue that the problems are more fundamental and that the London markets are doomed to play a minor role, even if structural changes help them to survive.

It can be argued that in the modern world of greater sophistication, the impact of crop failures can be absorbed and minimised much better than in the past. In other words there is greater stability of supply with consumers able to anticipate and deal more capably with shortages of raw materials. The prime purpose of futures markets is to provide protection against unpredictable price fluctuations—thus enabling forward trading with reduced risk.

The main problem facing producers, consumers and merchants nowadays is the unpredictability of the value of money, due to inflation, interest rates and currency change. It is here where the main price risk lies; hence the spectacular growth in the popularity and use of the financial futures markets.

The growth in financial futures, and the attention of a whole range of financial institutions which would not touch commodity futures with a bargepole, has inevitably attracted much of the investment interest that previously provided extra liquidity for the commodity exchanges. It is a vicious circle; investors go where the action is and shun the markets with low activity.

Even in the unlikely event of financial futures proving to be a temporary flash in the pan, the London commodity markets face an even bigger threat from the increasing competition from overseas exchanges, particularly the U.S.

The American exchanges are hungrily looking for overseas business and have been extremely successful. They have many natural advantages, notably a big and prosperous domestic population to help provide liquidity.

Traditionally, the London markets have been dominated by trade interests, such as merchants like Gill and Duffus and S. W. Berisford, which have looked with scorn on the large speculative participation on the U.S. exchanges, and blocked any changes that do not suit the trade. Unfortunately for London the big growth of interest in futures during the past 15 years or so has come mainly from investors and speculators, which the American exchanges are geared up to handle. Now the trade, attracted by the greater liquidity provided by speculators, is tending to desert London and go to the U.S. instead. London has lost out on both counts.

London has also blundered over the question of investor protection. When the U.S. Commodities Futures Trading Commission (CFTC) was established by the Government to regulate the industry some ten years ago, there was jubilation in London. It was widely forecast that the increased rules and regulations imposed by the CFTC would deter many users of the markets and drive business across the Atlantic.

Instead exactly the opposite happened. It was found that properly regulated markets were an attraction, especially to newcomes to futures like the financial institutions which were accustomed to dealing in regulated stock exchanges. Much of the European business, particularly from the cautious Swiss investors, was diverted to the U.S. exchanges in spite of being in a different time zone.

Prodded by the report on investment protection by Professor Jim Gower and by the UK Government, the London futures markets have got together to form their own self-regulatory organisation, the Association of Futures Brokers and Dealers (AFBD).

But it is taking a long time to become operational and is running into a lot of opposition from trade interests.

They are appalled at what they consider to be the huge costs involved in protecting primarily the small investor who tends to deal only through commission brokers and is usually more trouble than he is worth.

If business was booming, there would probably not be the same resistance. Howeevr, with profits being squeezed by commission cutting and the low level of activity, the idea of spending large sums on improved investor protection is far from welcome. Realists recognise that they have little choice bearing in mind the Government's overall intention for greater regulation in the City and the present very poor reputation of the futures markets. But they are also trying to keep the costs as low as possible.

Improved investor protection is seen as one of the main weapons that can be used by the London exchanges to win back business. At the same time, following some intensive lobbying by the industry, the UK government has provided a helping hand. In this year's Budget, Mr Nigel Lawson agreed to bring futures dealings under capital gains tax provisions replacing the previously punitive tax treatment whereby private investors in the future markets faced paying the highest possible rates with no opportunity for relief.

The concession, especially if it is followed by the proposed changes in the law to allow the promotion of futures funds directly to UK investors, will obviously be of great benefit to the industry in trying to attract extra business and enlarging its domestic base. But the main beneficiary, for the moment at least, is likely to be the London financial futures exchange (Liffe).

One of London's problems is that the futures markets are fragmented in different places

In the U.S., the financial futures markets are closely linked with the commodity exchanges, which created them, although they have now become bigger than their "parents." The broader base gives the exchanges more strength. In New York the exchanges gained tremendously from being brought together under one roof.

In London at the moment the LCE is in the Corn Exchange; the International Petroleum Exchange and the London Metal Exchange are across the road in Plantation House; Liffe is in the Royal Exchange; and the agricultural and freight futures market is in the Baltic Exchange.

The LCE has made a bold decision to move into new purpose-built premises in St Katherines dock, near Tower Bridge and just outside the City of London. The IPE is likely to join the existing LCE markets there when they move in early 1987. However, there seems little likelihood of the remaining markets moving there since relationships between the individual exchanges are far from friendly.

Some important decisions will have to be taken by the LCE, and by Mr Tate, before the move to new premises.

The London Metal Exchange has so far resolutely resisted outside pressure for change—rejecting, for example, the formation of a clearing house system—and concentrated on serving trade interests. It has been surprisingly successful establishing two new contracts, for aluminium and nickel, while its rival in New Yorak (Comex) has failed to find much support for its aluminium market branching out instead into options. The

The LCE markets are in direct competition with those in the U.S., mainly in New York, and are under the greatest pressure. The decision to change sugar futures from a sterling to a dollar-based contract has proved a disaster, handing the business over to the New York and Paris markets. The International Petroleum Exchange after a promising start has faltered badly.

It has had problems with its established gas oil futures contract. Its reputation was even more undermined by the ignominious failure to establish a crude oil futures contract and the slow progress being made in trying again. The oil industry, which is reported to be pushing for a Brent crude contract, can hardly be blamed for the IPE's sluggish performance, since the energy futures contract established by the New York Mercantile Exchange (Nymex) have been an outstanding success.

Generally, the U.S. exchanges have shown much greater ability to pinpoint and innovate trends. They realised, for example, much earlier than London that the traditional commodity houses are being supplanted, or absorbed, by powerful financial groups, such as Phibro-Saloman. They have also jumped on, and accelerated, the futures options bandwagon.

Last year, turnover on the U.S. futures exchanges rose for the 15th consecutive year to reach 149.4m lots. By contrast, trading on the London Commodity Exchange dropped to below 4m lots, although turnover on Liffe increased to 2.6m lots.

The same trend has continued this year. Turnover on the traditional commodity futures markets has continued to decline on both sides of the Atlantic, while financials have moved further ahead.

There is talk in London of starting new contracts—diamonds, hides and tea are among those mentioned. But it will take a great deal more than that to breathe new life into the LCE and recapture for London some of the business lost to the American exchanges.

Mr Tate has a difficult task ahead of him. Does he listen to the old guard, who still hold many of the key positions, and continue to cherish trade interests? Or does he join the more aggressive, younger, traders who believe that unless London changes its ways and methods radically the futures markets are doomed for ever to a minor role?

Futures markets in London . . . and Chicago

THE MAIN FUTURES EXCHANGES

CHICAGO: Board of Trade (CBoT)—grains, soyabeans, long-term interest rates (Treasury options, stock and bond indices). Mercantile Exchange (CME)—livestock (porkbellies etc) currencies, Eurodollars; short-term interest rates (Treasury bills), Standard and Poor stock indices/options.

NEW YORK: Comex—copper, aluminium, silver, gold/options. Nymex—heating oil; crude oil; gasoline. Cocoa, coffee and sugar Exchange—also sugar options. Cotton exchange—also orange juice, cotton options.

LONDON: Liffe—interest rates, Eurodollars, currencies, stock index/options. Metal Exchange—six base metals and silver. Commodity Exchange—cocoa, coffee, suger/options. International Petroleum Exchange—gas oil. Baltic/Grain and Feed Trade Association—freight potatoes, grains, pigmeat and soyabeanmeal options.

FUTURES MARKETS TURNOVER

(Number of lots)	1984	1983	1982
FINANCIALS			
Chicago/New York	59.6m	40.9m	33.7m
Liffe (London)	2.6m	1.4m	246,500
COCOA, COFFEE, SUGAR			
New York	4.2m	4.8m	3.2m
London Commodity Exchange	2.9m	2.3m	2.9m
ENERGY			
New York (Nymex)	4.4m	2.6m	1.8m
London (IPE)	534,000	608,500	623,300

Men and Matters

Club rate for Whitehall

With former Treasury minister Leon Brittan in charge Home Office officials have to be frugal these days.

One civil servant recently asked to see private research into the cost of foreign satelites commissioned by the "21 Club"—a posse of broadcasters and businessmen.

The "21 Club," after much study, had decided to pull out of plans to launch a British project for direct broadcasting by satellite.

When the "club" received the Home Office request it blew a collective fuse. For one of the reasons why its satellite broadcasting project had failed was Home Office insistence that an over-expensive British satellite system should be used.

Now the Home Office is requesting free access to research which could justify back-tracking on the "buy British" commitment.

However, the "21 Club" has a red-blooded membership. The "club" has demanded a cool £147,000 from the Home Office for access to the two reports concerned.

Private lives

AT a moment when some Jeremiahs are predicting the eclipse of the private investor business on the London stock exchange, Brian Tora, a specialist in the sector, is pinning his future upon the small man getting his money out from under the bed.

Tora, aged 39, has spent much of his 22 years in the city handling private client business; first with brokers Grieveson Grant, later for Singer and and Friedlander, and for the last three years, as a director of Touche Remnant Financial Management.

He is moving to join the James Capel private clients department next month to try to bring about a major expansion. Capel has, hitherto, been content to be relatively small in the private client business.

Concurrent with the plans for the city's Big Bang, and the eventual ownership of Capel by the Hong Kong and Shanghai Bank, Nick Fraser, the Capel partner in charge of private clients, and Tora, will be working together to build up that side of the business.

Tora says he wants Capel to bring down its present minimum for a private client portfolio of some £50,000 by a significant amount to encourage new business. "The private client business is coming back into fashion," he argues. "For many brokers it is a more secure form of income than institutional business. The private investor is high quality business and should be regarded as a broker's bread and butter."

Strip tease

Forgetting to strip off the preferred shares in an assets-per-share calculation is the kind of mistake that a first-term accountancy student might make.

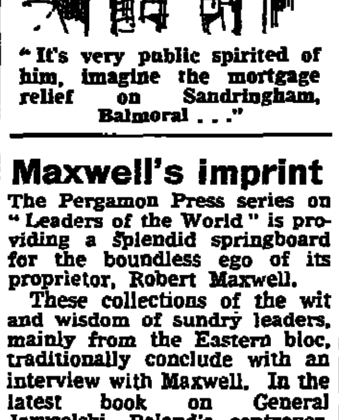
For such a howler to appear in the Tiphook offer for sale prospectus is not just extraordinary—it is downright embarrassing to all concerned.

Complexions at Barclays Merchant Bank are pinker than the pink border surrounding the correction in yesterday's FT which explained that the assets per share were not 90.1p after all but 62.5p.

Accountants Spicer and Pegler, who must have spent months picking over the figures, and broker L. Messel, will need time to live it down as well,

Tiphook, meanwhile, has suffered the indignity of having the issue postponed for three weeks. It would not be surprising if the company is not overly understanding about the slip.

After all the issue is costing it over £500,000 in expenses.



"It's very public spirited of him, imagine the mortgage relief on Sandringham, Balmoral . . ."

Maxwell's imprint

The Pergamon Press series on "Leaders of the World" is providing a splendid springboard for the boundless ego of its proprietor, Robert Maxwell.

These collections of the wit and wisdom of sundry leaders, mainly from the Eastern bloc, traditionally conclude with an interview with Maxwell. In the latest book on General Jaruzelski, Poland's controversial ruler, Maxwell manages to work into his questions the facts that he is an employer of 20,000 people, the manager of a £500m pension fund, past adviser to the Wilson government, present consultant to the Bulgarian Government, and a man who has even been sounded out for his counsel by the Soviet Union.

"Of course, I am not applying for a job in Poland," says Maxwell. But a few breaths later, the head of BPCC offers his opinion that "the Polish printing industry is now in deplorable shape and needs reorganisation."

Polish printers should beware the Maxwell prescription. He tells Jaruzelski — nobody's idea of a marshmallow — that Poland needs a bit more "firmness and even brutality" in its labour policy.

There are advantages, however, in being interviewed by the loquacious Maxwell. If he asks an awkward question, at least he rarely waits for much of an answer.

"Is the problem of Solidarity a thing of the past in Polish political life?" he asks the General. "Yes. That is the case," Jaruzelski responds — and gets away with it.

Nice IBM

As the holiday season gets into full swing it is time to spare a thought for those unable to think of what to do with their free time.

It is claimed that workaholics in America go on holiday by wearing jeans to the office.

Now, in Japan, companies are starting to pay their employees to learn about holidaying, and pastimes suitable for retirement.

With this in mind IBM Japan has launched what it is calling the Nice Life Programme.

The company explains that employees for the cost of courses taken to learn new skills or hobbies. IBM is willing to lash out up to £1,800 for every out up to. £1,800 for every employee who is looking for a Nice Life.

So far the most popular activities are proving to be driving instruction and dancing lessons.

Roots

"Reading Maketh a Full Man" is the heading of a poster advertising a series of talks on literary appreciation at a Hampshire club.

Underneath someone has written, "And Basingstoke a dull one."

Observer

STEEL INDUSTRY IN THE U.S.

A make-or-break strike

By William Hall and Paul Taylor in New York

FIVE DAYS ago 8,200 militant workers at Wheeling-Pittsburgh, the seventh largest steel producer in the U.S., went on strike. In the normal scale of events in the U.S., the walk-out would not have rated much attention.

But these are desperate times for big steel, still in the middle of its worst recession for more than 50 years, the dispute, in the cradle of the American steel industry on the banks of the Ohio River, strikes at the heart of the industry's problems—weak demand, competition from low cost foreign producers and high domestic wage rates.

The entire industry is thus nervously awaiting the outcome of the first major steel strike since 1959, when 500,000 steelworkers stopped work in a nationwide dispute for 115 days. They believe the Wheeling-Pittsburgh strike could be the opening shot in a battle with the unions for the very survival of the U.S. steel industry.

It could have a powerful bearing on the future wage structure in a sector of the economy where the unions have already been forced to make concessions.

Unlike some of its U.S. competitors, Wheeling-Pittsburgh had invested heavily in efficient steel-making capacity in the hope that the domestic industry would have recovered by the time its new plants came on stream. The Pittsburgh-based group spent over $500m in the five years to 1983 to upgrade its plant and equipment, twice the average rate of investment by U.S. steel producers.

The bulk of the new investment was poured into the group's two integrated steel mills at Steubenville, which straddles the Ohio and West Virginia state lines and at Monessen, a tiny town 35 miles south of Pittsburgh.

While some of the U.S. steel majors have been hit hard by the competition from the rise of the low cost mini mills, this has not been what has undermined Wheeling-Pittsburgh. Ken Maxcy, who has been with the company for 32 years, sees the low cost producers of Korea, Taiwan and Brazil as the real villains.

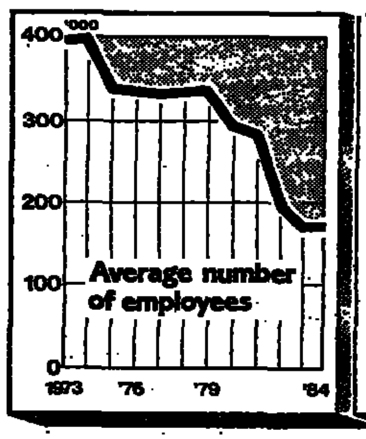
It was a high risk gamble from the start, financed by heavy borrowing. Wheeling-Pittsburgh, one of the second-tier U.S. steelmakers with sales of $1bn a year and 3 per cent of the domestic market, last made an annual profit in 1981. Since then the group has lost close to $250m, including $75.9m in the first half of 1985.

Like many others in the industry the company struggled to cut costs, sought wage concessions and tried to raise capital. Over the past five years the group has slashed its labour force by a third and won $80m in wage concessions. To strengthen its equity base it sold a 34 per cent stake in the company to Mr Allen Paulson, founder and chairman of Gulfstream Aerospace, and another 10 per cent to Nisshin Steel of Japan. In February it passed its preferred dividend.

But it was not enough. Wheeling-Pittsburgh was forced into protracted negotiations with its bankers, led by Manufacturers Hanover Trust, in a bid to postpone payments on its $514m in long-term debt.

Right up to the last minute it seemed as though a deal was in the making. As part of the negotiations Wheeling-Pittsburgh initially asked for a 30 per cent wage reduction from its workers to $15.20 from $21.40 an hour—pay scales which were already around 10 per cent lower than the rest of the industry.

The United Steelworkers of America (USW) agreed to accept a 8.9 per cent cut to $19.50 an hour—a move that would have saved the company $100m. But, after taking the advice of Lazard Frères, the Wall Street investment bank, the union balked at the prospect of the company's bankers demanding $300m in Wheeling-Pittsburgh assets as collateral against a $250m debt rescheduling package.



U.S. STEEL INDUSTRY

Source: American Iron & Steel Institute

	Aggregate Net income $m (loss)	Domestic steel shipments Thousand net tons	Steel imports Thousand net tons	Imports market share %
1973	1,272.2	111,430	15,150	12.4
1974	2,475.2	109.472	15.970	13.4
1975	1,594.9	79,957	12,012	13.5
1976	1,337.4	89,447	14,285	14.1
1977	22.3	91,147	19,307	17.8
1978	-1,276.6	97,935	21,135	18.1
1979	1,154.5	100,262	17,518	15.2
1980	1,734.9	83,853	15,495	16.3
1981	2,660.8	88,450	19,898	18.9
1982	(3,197.2)	61,567	16,663	21.8
1983	(3,563.0)	67,600	17,100	20.5
1984	(208.0)	73,200	26,200	26.4
*First five months 1985				*25.8

Two days later, on April 16, Wheeling-Pittsburgh filed for protection from its creditors under Chapter 11 of the U.S. Bankruptcy Code—the biggest bankruptcy in the history of the U.S. steel industry.

Wheeling-Pittsburgh's bankruptcy filing soon became a crucial test of a new bankrutcy law provision. This was enacted last year by Congress in response to union pressure after the Supreme Court ruled that a company could void its labour contract unilaterally once it filed for Chapter 11—as Continental Airlines did in 1983. The amendment forced companies to seek court approval.

Eight days ago Judge Warren W. Bentz gave the steel group the go-ahead to tear up its 190-page labour agreement. The following day Wheeling-Pittsburgh announced an 18 per cent pay cut to $17.50 an hour.

The judge's decision and the company's action incensed the union, which had hinted that it might accept a wage cut to $18.50 an hour. The stage had been set for last Sunday's walk-out.

On the basis of raw numbers the USW has the financial muscle to sit out the stoppage. The union has a strike fund of $218m and is paying out a mere $570,000 a week to its members. By contrast, industry analysts believe Wheeling-Pittsburgh, with $42m in cash reserves, has only until mid-August before the strike begins to cripple it. In the meantime competitors are making inroads on the group's prime steel supply contracts which include General Motors.

Mr Joseph Scalise, Wheeling-Pittsburgh's 58-year-old industrial relations chief, warns that thte strike will mean "certain death" for his company unless it is settled quickly. Mr Paul Rusen, his union counterpart, dismisses these claims, saying: "Wheeling-Pittsburg will survive, management may not."

Both sides have a lot at stake in the dispute. For the union, which has seen the total number of steelworkers in the U.S. halve in the last decade to 270,000—of whom 60,000 are currently laid off, the strike could turn out to be the make-or-break factor.

Next July the three-year national steel contract expires and Mr Lynn Williams, the union's 60-year-old Canadian-born president, needs a victory to improve his position at the negotiating table.

Mr Williams, the son of a United Church of Christ pastor, who has led the USW for 19 months, also needs to win at Wheeling-Pittsburgh to strengthen his chances of re-election next year.

Professor Paul Tiffany, a steel industry expert at the University of Pennsylvania's Wharton Business School, says: "With the expiration of the contract next summer and Lynn Williams' run for re-election, this dispute has strong implications for the position of the USW versus the entire industry."

Apart from Wheeling-Pittsburgh's obvious financial problems, the management's position is also on the line. For the past seven years the company's fight to stay afloat has been led by its combative 64-year-old chairman, Mr Dennis J. Carney.

Mr Carney, who spent 32 years at U.S. Steel before joining Wheeling-Pittsburgh, has been described as a "brilliant but sometimes abrasive executive" whose domineering style has led to the departure of several key colleagues. He is close to retirement, but has not chosen a successor. That has led to a boardroom feud with Mr Paulson, the group's biggest single investor, who is showing a $26m loss so far on shares bought at $35 and now worth about $9.

Wheeling-Pittsburgh's bankers also have a vested interest in the outcome of the dispute, as does the U.S. Government's Pension Benefit Guarantee Corporation, which would be forced to step in should the steel group default on its pension fund covering almost 20,000 current and former employees. The pension plan is already under-funded by more than $200m and the U.S. Government may have to pick up any deficit if the company is forced into liquidation.

From an industry perspective the collapse of Wheeling-Pittsburgh would probably have minimal impact — indeed it might be welcomed since it would take out another slice of the industry's huge 40 per cent plus over-capacity. If Wheeling-Pittsburg were to go under tomorrow morning, it would sink without a ripple," says Prof Tiffany.

But should Wheeling-Pittsburgh emerge from the dispute as a low cost steel producer having wrung major concessions from the union, the ramifications for the sector could be significant. Only a few days after the company filed for Chapter 11 the major U.S. steelmakers ended their 26-year-old nationwide bargaining agreement with the USW.

Wall Street remembers the last big bankruptcy in the industry, McLouth Steel, which re-emerged from Chapter 11 in 1982 as a much smaller company operating on 25 per cent lower costs. Mr Peter Marcus, a steel analyst with Paine Webber, says that Wheeling-Pittsburgh could cut its production costs by as much as $75 a ton from its current $450 a ton if it wins its battle with the union.

And if that happened, the other major U.S. steelmakers would have to extract similar concessions from the USW—and risk labour disruption—to remain competitive.

The U.S. steel sector has long been in turmoil. Capacity has been cut from a 1977 peak of 160m tons to 135.3m tons last year. But the reduction in capacity has nowhere near kept pace with the slump in demand which has been exacerbated by rapidly rising imports.

Industry-wide profits peaked 10 years ago at $2.47bn. But over the last three years the domestic industry has raked up $7bn in cumulative net losses.

Wheeling-Pittsburgh is not the only U.S. steel producer still in trouble. Among the other U.S. steel majors, Bethelehem Street has lost $1.9bn since the bottom fell out of the market in 1982 and its debt-to-capitalisation ratio has nearly doubled to an uncomfortable 52 per cent.

Even U.S. Steel, which has shut down more than 150 plants and reduced its steelmaking capacity by around a third in the past five years, has relied heavily on earnings from Marathon Oil, acquired in 1982, to keep its head above water.

However, the Wheeling-Pittsburgh strike turns out, it could prove a watershed for the U.S. steel industry. Some experts believe it may encourage other companies to take the bankruptcy route as a way to reduce wage costs. Others believe it will finally force diehards in the USW to realise that the era when big steel reigned supreme is gone for good.

"The bottom line fact is that steel markets are gone. They are not coming back," says Prof Tiffany, "emotion has overtaken reason in this dispute. These guys don't have any leverage." How long it may take the USW to reach the same conclusion has yet to be seen.

Politics Today will appear in Saturday's paper this week.

Lombard

The failings of natural justice

By Richard Lambert

THE RECENT decision by a Lloyd's appeal tribunal on the future of Mr Ian Posgate raises an important question about the future shape of regulation in Britain's financial markets. The facts are complicated, but the issue is simple. It is this: how far can the concept of self regulation be squared with principles of natural justice?

The virtues of self regulation are said to be that it is quicker, cheaper and much more responsive than a system in which everything is set down in the statute book. Members of a market place have a vested interest in weeding out individuals who are not prepared to follow accepted codes of conduct, and are likely to do the job more effectively than a bunch of civil servants.

Now consider the case of Mr Posgate, one of the most dynamic underwriting members in the history of the Lloyd's insurance market. In September 1982 he was suspended by Lloyd's following allegations about his involvement in the Alexander Howden scandal. This was overturned the following January after a successful appeal to the High Court. A few weeks later he was suspended again by a subcommittee of the newly reformed Lloyd's council. The suspension was extended while his and other related cases were investigated by a disciplinary committee, which consisted of a QC and two leading figures from the Lloyd's community.

The committee worked "on the basis that the criminal standard of proof applies . . . . which is the same as saying that we can convict only if we are satisfied beyond reasonable doubt of the defendants' guilt." This approach led to all kinds of legalistic fandangoes. But at the end of it all, the committee decided that although Mr Posgate was less blameworthy than others in the case, he should be expelled from Lloyd's.

That decision in turn was referred to a Lloyd's appeal tribunal under Lord Wilberforce, a former Lord of Appeal. He said his tribunal had the power to review the findings and processes of the committee, and also its proposed penalties — although it would "not lightly depart from those passed by a committee including professional men."

Off he started. "I bear in mind that these are disciplinary proceedings, not a criminal prosecution, so that strict rules relating to indictments need not be applied," he said. "But, nevertheless, general principles of justice must be observed."

In a key paragraph Lord Wilberforce decided that the committee's findings did not meet this test in a crucial respect. He acknowledged the expertise of the council, the care with which it had tried the immensely complicated facts, and the difficulty it had faced in trying the issues without the evidence of others involved. But its findings on a crucial charge against Mr Posgate "cannot stand."

On other matters, Lord Wilberforce said, the committee had been right to conclude that Mr Posgate had behaved in an improper way, and that he had followed an action which he knew was dishonest. But the offence did not call for the ultimate sanction of expulsion. Allowing for what he had already suffered, he should be suspended only for another six months.

That, presumably, is the end of an affair which has dragged on for years at enormous expense to all involved. Mr Posgate's costs before the disciplinary committee are alone put at £166,769. So much for the virtues of self regulation.

If a disciplinary body has the power to remove an individual's livelihood, it is obviously right that there should be some independent body to review its finding. A balance has to be struck between protecting the rights of the individual and those of the investing public. There is a strong case for arguing that, in return for the privilege of self regulation, the balance should be struck on the side of the public.

What makes all this very relevant is that the Government is considering what form of appeal tribunal should be set up in the framework of its new investor protection legislation, which is to be based on self regulation. The Posgate case suggests that the self regulation will lose its point and will not work if it leads to the same expensive and legalistic complications that are inherent in a statutory system of control.

Letters to the Editor

Comparisons in pay

From the Managing Director, Thomas Christy

Sir,—We are constantly told that pay increases for "top people" in the public sector are determined on comparability with the private sector.

It would be very interesting to know how many people in the private sector form the comparison. I have a very strong impression that there are significantly more people drawing these salaries in the public sector than in the private and, indeed, that the basis of comparison is very narrow and does not take account of the associated risks in the private sector.

F. P. L. Manson,
Christy Estate,
North Lane,
Aldershot, Hants.

Top people's salaries

From the Chairman, Excelsior Industrial Holdings

Sir,—The Government can do little about the embarrassing situation which has arisen in view of the recommendations made by the Top Salaries Review Body, but it can and should take time out now to consider the original causes which made such recommendations necessary.

The problem clearly lies with the top 200 companies used as comparisons for the review and who have evidently allowed the salaries of their top executives to race ahead during the past three years at a pace beyond all reason and common sense and without regard for the consequences of the nation. Such massive rewards have little to do with performance for very few companies are performing better in real terms than they were 10 years ago so they must be the results of other influences.

Are they perhaps the result of Sir Geoffrey Howe's first Budget when top rate tax was reduced from 85 per cent to 60 per cent with the laudable objective of allowing top people to retain more of their earnings in the expectation that by so doing they would set an example in reasonable salary increases to help defeat inflation? The result unfortunately has been that top executives are now greedy for more because they are able to keep 40 per cent of any increase.

Did the original contract between the Government and Mr MacGregor as chairman of British Steel upset British top executives and make them envious as perhaps the more recent arrangements with Mr Peter Levene may well have done? Have rampaging salaries in the City of London made institutions and banks careless and naive in their attitudes to undeserved exceptional salaries in companies?

We have undoubtedlty got it wrong if we expect to defeat inflation in an atmosphere where such blatant and greedy self appraisal exists and as our economic recovery gathers momentum so will the consequences of these actions destroy it again.

The Government is now suffering the results of many of its unthinking and unfeeling actions of the past few years and it needs to put these things right now before it too late.

Leslie J. Tolley.
Whitelands Road,
Ashton-under-Lyne, Lancs.

Sharing costs and risks

From Professor D. G. Rhys

Sir,—Now that the controversy surrounding BL's corporate plan is settling down, perhaps one may be permitted some observations.

The Government's prolonged scrutiny of the plan in essence revolved around whether Austin Rover should make a new car engine or buy in from Honda. Whitehall seemed intent on increasing the dependence on Japan, notwithstanding the attendant loss in UK design and engineering capability. This ignored an alternative which would have retained design and manufacture in the UK, and yet Austin Rover could have shared the costs, and risks of engine-making with another, but British, manufacturer. Whitehall's approach failed to recognise — what Ford's recent announcement that it was to source the manufacture of yet another new engine in the UK illustrated — that there were two, and not just one, major British car manufacturers. Ford has a significant design, development and manufacturing capability in the UK, especially in the areas of petrol and diesel engine manufacture and exhaust emission control.

The significance of this where Whitehall is concerned is that collaboration between Austin Rover and Ford may have been possible because both companies, for their own reasons, required new engines. Consequently, the Austin Rover K-series and perhaps the new "lean burn" Ford engine, could have formed the basis for a joint venture as significant as the Renault and Peugeot jointly-owned engine making company, S.A. Francaise de Mecanique, in Douvrin. Alternatively, the companies could have purchased from each other; Ford buying the K engine and Austin Rover the medium size "lean burn" engine.

The combined demand of those companies could have provided the basis for manufacture at the rate of around half a million units a year. This would have made it economic for both, but especially Austin Rover, to invest in automated transfer lines rather than in less efficient computer controlled machine centres, which is nevertheless the appropriate technology for lower volumes.

It was quixotic for Whitehall to seek to secure Austin Rover's future by insisting it bought Japanese powertrain without fully exploring the possibilities for economically efficient UK-oriented collaboration. Given Ford's current willingness to enter collaborative arrangements, exemplified by its discussion with Fiat, Whitehall's Japanese fixation should not blind it to the possibility of highly beneficial domestic ventures of this sort.

Professor D. G. Rhys.
Department of Economics,
University College,
Cardiff.

High tide of unemployment

From Mr J. P. Read

Sir,—In "The high tide of unemployment" (July 17), Michael Prowse refers to two dates being "pivotal to understanding the evolution of unemployment in the UK," and a graph with the article shows the fluctuations in the working population and the employed labour force over the period 1973 to 1985.

What is intriguing with almost all comments on the unemployment situation, and particularly from those in authority, are the things about which no comment is made. It is as though some aspects of this country's economic activities are taboo from discussion, at least in the media.

It would be useful, for example, in understanding the evolution of unemployment in the UK to have a graph over the post-war period showing all employment taxes (PAYE and employers' and employees' National Insurance contributions) expressed as a percentage of the net take-home pay of a single person on the national average wage.

It would also be useful to have a graph showing such taxation as a percentage of the "added value" of companies which are labour intensive and those which are not. The graph should compare banks and retail operations, with specific nationalised industries such as coal and steel. Even more interesting, perhaps, would be the same graph showing a comparison between specific areas of the country, particularly between areas of high unemployment and areas of low unemployment.

If such information is not available, how can one have any confidence in the comments being expressed in the public debate on unemployment?

J. P. Read.
8, Turner Drive, NW11.

Feeling for a milled edge

From Lord Killearn

Sir,—Many of your readers, although initially against the reintroduction of a £1 coin, must have since grown fond of the compact little "golden" counter. How pleasant, in avoiding loose weight in pocket and muddle in change-giving, to be able to emulate our grandfathers in carrying "sovereign cases."

Of the three current versions —that struck in 1983 with as reverse the Royal Arms of England; the 1984 with Thistle pattern; and the 1985 with Leek pattern (and the new Queen's head on the obverse)—each bears an appropriate motto imprinted into the milling around the edge. The English coin has a suitably decorous, and doubtless Treasury-approved, phrase from Virgil; the Scots the national challenge to all-comers, also in Latin; and the Welsh an equally staunch statement of loyalty in their native tongue.

What especially intrigues me is that on some coins these historic phrases can be read with the obverse upwards and some the reverse. (Alas, there is no evidence of "error" or one-off rarity value to enrich future collectors!) One can envisage a mechanical sequence which produces a 50-50 random result. But surely it would be no harder to arrange for the milled coins to present themselves for final embellishment in one preferred orientation (probably obverse upwards), so as to produce one single legal version of each national variant.

Killearn,
House of Lords.

FINANCIAL TIMES

Friday July 26 1985

Paul Betts assesses the impact of France's 'political economic' sanctions

Why Paris got tough with Pretoria

THE FRENCH independent left-wing newspaper, Libération, had a large and striking headline on its front page yesterday: "Apartheid: the link with the franc is severed," it said, referring to the sanctions announced by the socialist Government against South Africa.

Inside the same newspaper, however, was another headline that seemed more to the point: "A very political economic sanction."

The three measures announced by the French Government – the recall of the French ambassador in Pretoria, the introduction of a motion condemning South Africa in the United Nations Security Council and an immediate ban on all new French investments in the republic – are the toughest so far taken by a major Western country against South Africa. The move is essentially political.

A Western diplomat, however, remarked that France's *go-it-alone* decision to take tougher action than its other EEC partners against Pretoria was "a typical example of French diplomatic showiness." He echoed a widespread view in France yesterday, by suggesting the move was prompted as much by internal political considerations as by a genuine repulsion at the run of recent events in South Africa.

The most spectacular of the three measures is the decision to suspend immediately and indefinitely all new French investments in South Africa. But that is unlikely to have serious economic repercussions for France because no new big investments were forthcoming. France accounts for between 5 and 7 per cent of total foreign investments in South Africa, but the actual amount of direct investment in recent years has been relatively modest.

In all, French investments in South Africa amount to about $1.6bn. But according to French Finance Ministry officials, direct investments last year totalled FFr 119m ($13.5m) and only FFr 31m in 1983. Apart from a few large French groups, which were all downplaying the eventual impact of the measures on their businesses, the ban on new investments is unlikely to have serious practical consequences.

Indeed, French Government officials emphasised that the ban did not concern either commercial and trade exchanges between the two countries, which totaled more than FFr 10bn last year, or the activities of French banks, which have outstanding loans of more than FFr 21bn in South Africa.

Le Monde put it succinctly with a front-page editorial: "Highly symbolic, the French position is of little consequence from a practical point of view." So the ban is not expected to interfere with the relatively buoyant commercial and trade links which have continued in the past few years despite the arrival of the French Socialists in Government and icier diplomatic relations between Pretoria and Paris.

M Yvon Gattaz, the head of the Patronat, the French employers' federation, was meeting President François Mitterrand when the sanctions were announced. He said he hoped the measures "would not obstruct trade between South Africa and France" and that French companies could continue to do business with every country "and especially that one."

The sanctions, however, mark a significant departure for the French Government, which appears to have been dictated by pressure from the Socialist Party to see a tougher position towards Pretoria.

France banned a French rugby tour of South Africa, but it has continued to block arms sales to Pretoria, suspended since 1976. It agreed last year to contribute money to a fund for an anti-apartheid advertising campaign.

Economic relations have been good and diplomatic relations cool but far from bad. M Claude Cheysson, the former Foreign Minister and now an EEC Commissioner, often spoke against a total economic boycott of South Africa. The position hardly changed after M Cheysson was replaced last autumn by M Roland Dumas.

Mr Pik Botha, the South African Foreign Minister, paid his first visit to France to see M Dumas last February. It was the first visit to Paris by a member of the South African Government since the French Left came to power four years ago.

On May 22 M Dumas renewed the Government's opposition to economic sanctions before the French National Assembly. He argued that an economic embargo of South Africa as proposed in a UN resolution "would not be appropriate to the specific case of South Africa." He said he did not think sanctions could be effective and that they might even be contrary to the goals sought by opponents of apartheid.

However, the dramatic course of events in South Africa, the endorsement by M Fabius and the Government of the French "SOS Racisme" popular anti-racist movement and Socialist party pressure all contributed to forcing a harder government line.

On May 31, M Fabius issued a formal warning during an international human rights meeting in Paris that France would consider taking sanctions if there was no change in Pretoria's apartheid policies "in the next 18 months to two years time."

The event of the last few weeks appear to have prompted the Goverment at a delicate pre-election moment to act finally. "It was a good political coup," said one businessman working for a large French company with activities in South Africa. "The Socialist Government has appeased and contented its own parties, shut up the communists and taken a series of measures which from an economic point of view are not likely to cost very much."

None the less, some French interests might be hit. France has been closely involved with South Africa's nuclear programme, and a consortium of French companies including Framatome, Alsthom-Atlantique and Spie Batignolles constructed the Republic's first nuclear power plant at Koeberg in the early 1980s.

However, Framatone said yesterday that a second reactor supplied by the consortium had been connected to the South African electricity grid only yesterday. It seems highly ironic that that should have occurred 24 hours after Paris announced its sanctions.

Total, the French oil company, also has sizeable interests in South Africa, with a stake in two coal mines, 11 per cent of the country's petrol retailing market and a stake in a refinery. The company said yesterday it was "taking good note" of the Government's decisions. The general feeling yesterday, however, was that the economic impact on France would be limited as long as commercial relations continued as usual.

The French Government and the Socialist Party would now like to see other European countries follow their example. Officials explained that one reason for the decision to take political and economic sanctions was to generate a more widespread movement among Western countries to put pressure on South Africa.

If France's unilateral action has jolted its EEC partners, it provoked an inevitable reaction of scorn from the right-wing opposition. M Jacques Toubon, secretary general of the neo-Gaullist RPR party, said the sanctions were "a bit much" from a Government which is putting through parliament "a project in New Caledonia which verges on apartheid."

THE LEX COLUMN

Marking time at ICI

Industry has been bemoaning the strength of the pound for weeks but it took yesterday's second-quarter statement from ICI to drive home the point that companies which make export profits at the margin are clobbered by marginal movements in the exchange rate. Sterling's rise during the second three months of the year has cost the group close to £60m in profits and forced it to slow the pace at which the real value of the 1979 dividend is restored.

The market's retribution was swift and sharp. The share price fell 30p to 660p – it has lost 23 per cent of its value since the £1bn profit announcement in late February – and the FT-A All-Share Index shed a full percentage point over the day. As the market has known all along, a single figure from ICI is more powerful propaganda than a dozen CBI statements.

For all the restructuring of the past six years, ICI still generates almost half its sales in two areas – petrochemicals & plastics and general chemicals – where UK capacity is nicely profitable at a sterling rate of DM 3.50 and scarcely profitable at all at DM 4. ICI's experience in the second quarter was exceptionally unfortunate since it was processing raw materials bought with expensive dollars early in the year and selling the finished product in expensive pounds.

Yet the third quarter may be even worse. Any benefit to sterling raw material costs from a falling dollar will be outweighed by the pound's subsequent appreciation against the D-Mark. In terms of real exchange rates, ICI is about as uncompetitive with the German majors now as it was in the dark days of 1980. It is only thanks to the radical action of the intervening years that the group is producing profits which, in the light of the exchange rate, are remarkably good.

ICI has exceeded the £267m pretax made in the first quarter – admittedly by only £1m – despite a steep fall in oil profits and a poor climate for fertilisers. The current three months should start to see some benefit from cost reductions in colours as well as an improvement in U.S. pharmaceutical earnings. But, however cleverly ICI exploits its strong position in speciality products, it cannot hope to match last year's profit at current exchange rates. The final outcome is anyone's guess but a figure of just under £1bn would leave the shares on a prospective p/e of 7.4 and a yield – assuming a 33p total dividend – of 7.3 per cent. That does not look expensive, but then ICI never does.

Trade figures

An adverse visible trade balance for the UK is something that markets are inured to, and since the June figures showed a manufacturing deficit comfortably covered by oil and invisibles, the trade statistics sank yesterday without leaving the smallest ripple in the foreign exchange market. Yet there are signs that the painful effects of high interest rates and a rising pound may now, after a spring bounce, be getting through to manufacturing.

That is only what should have been written into every forecast. setting aside perverse valuation effects – which seem to have flattered exports to the U.S. while understating the corresponding imports – it appears that while volumes may have held up, the sterling value of exports has started to flag; margin pressure can already be read between the lines.

Given the lagged effect on exports of exchange rate appreciation, the really testing period for manufacturing may not arrive until the final quarter of this year – or even the beginning of next. In that case the prevailing assumption of 2 per cent real growth in UK output could start to look too optimistic, and the standard estimates of corporate earnings growth still more so. If a prolonged margin squeeze has to be added to the adverse translation effects of a strengthening currency, the equity market may need to shift into a yet lower gear – of which its reaction to ICI may be just a foretaste.

Oil

The news could have been worse for the Government. When it implied that the sale of its stake in Britoil would immediately follow the Geneva Opec meeting, its timing seemed curious, if not foolhardy. Had the meeting ended with a bust-up, or even with no agreement, oil shares would not have had a happy time. The good news for stability in the market is that an agreement was reached. The bad news is that the price cuts are too small to help Saudi Arabia, which is bearing the brunt of undisciplined pricing by other members, to improve its market share. And the more contentious wrangling on quotas and differentials has been put off until October.

But the fact that any agreement was reached should set a reasonable tone for Britoil's pricing, underwriting and prospectus, expected early next week. Investors will be reluctant to increase their weighting in what is currently an unpopular sector, so the price will have to be low enough to tempt them to switch from other oil stocks, and to attract income funds and private investors in search of a good yield. Yesterday, the shares stood rock-steady at 205p. A discount of 8 to 10 per cent from that would move the prospective yield into double figures.

EEC to raise tariff on VCRs from Japan

By Ivo Dawnay in Brussels

THE EEC is to raise the tariff on Japanese imports of video cassette recorders (VCRs) from 8 per cent to 14 per cent next year.

The move came after Community industry ministers yesterday accepted a compromise over the terms of compensation to be offered under the General Agreement on Tariffs and Trade (Gatt). A voluntary restraint agreement between Japan and the EEC on VCRs runs out at the end of this year.

Earlier this week Italy and Ireland had opposed a Commission proposal to offer in return a reduction from 17 per cent to 12 per cent in tariffs on semiconductors (microchips). They feared that this could seriously damage the ability of their own domestic industries to compete.

West Germany had also blocked the proposal on the grounds that the move could further worsen trade relations with Japan.

The breakthrough came when a majority of member states accepted a plan to reduce the tariff on semiconductors to 14 per cent, instead of the original 12 per cent.

Officials emphasised last night that the proposed compensation package, which could include lower tariffs for calculators, tapes and films and alarm clocks, will not be finalised until ministers meet again in September.

West Germany is believed to be strongly opposed to cutting duties on tapes and films, and an alternative tariff reduction on electronic wafers is believed to be under consideration.

EEC support for steel aids plan, Page 2

Mexico devalues peso by 16.7% in major austerity package

BY DAVID GARDNER IN MEXICO CITY

THE MEXICAN Government has responded to its renewed economic difficulties with a new austerity package based on a 16.7 per cent devaluation of the peso, public spending cuts and trade liberalisation measures.

The aim of what ministers describe as "a radical structural reform to deal with new problems" is to offset the impact of declining oil revenue on Mexico's trade and current accounts, and to dampen speculation against the peso.

The measures follow three years of austerity unparalleled since the 1930s prompted by the country's financial collapse in 1982. Despite overseas debts of $96bn, Mexico has come to be seen as Latin Americas' model debtor, having pioneered with its creditor banks a multi-year rescheduling approach to debt repayments.

The main features of the austerity package are:

● The controlled peso rate against the dollar has been devalued by 16.7 per cent effective from yesterday, and from August 5 will be subject to "a regulated daily flotation," or daily fixing, taking into account foreign exchange supply and demand, reserves, international prices, and the movement of other currencies against the dollar.

From yesterday, the dollar will sell at 279.83 pesos against 233.15 at the close of trading on Wednesday. Widespread expectation that a futures market would be introduced to anchor the "free" or parallel peso rate – at 368 to the dollar on Wednesday, against 272 on June 1 – was frustrated.

● The gradual switch from the cumbersome imports permit system to tariffs has been speeded up to cover 61.4 per cent of total imports from a current level of 25.5 per cent.

The measure is designed particularly to ease imports of raw materials, components and capital goods. Tariff scales of 0–50 per cent will be applied, rising in proportion to the added value of the product. It is also hoped the new system will boost tax receipts of offset growth in the deficit, now expected to exceed the target of 4 per cent of GDP by at least two points.

● The offices of 15 under-secretaries and 50 director-generals have been abolished on a pro rata basis across the administration. Government running costs have been cut by peso 150bn on top of peso 700bn spending cuts earlier this year.

President Miguel de la Madrid has taken a 10 per cent pay cut and all salaries in Government are to be frozen. Public-sector enterprises have been ordered to come up with cuts of at least that magnitude within 30 days.

Independent economists tended to see the measures as remedial rather than radical, and designed to correct the sense of drift of a Government reacting to, rather than anticipating, events that has characterised the de la Madrid administration since the spring.

Sr Jesús Silva Herzog, the Finance Minister, said when he announced the measures that "implicit in every crisis is the opportunity to push through positive change." Sr Carlos Salinas de Gortari, the Planning Minister, said Mexico could no longer sustain the public sector at its present size. He admitted that the Government had not reacted in time to the softening oil market or the rapid revival of private investment in the past nine months, which sucked in imports and sucked back non-oil exports being sold abroad as temporarily surplus to domestic demand.

It is expected the devaluation and trade liberalisation measures will complement each other and reduce the expected rise in inflation, currently running at an annualised 55 per cent.

Norway may save sinking Ekofisk field

By Dominic Lawson in London

STATOIL, the Norwegian state oil company, has offered to rescue the rapidly sinking central platform of the Ekofisk oil and gas field, by developing a new Norwegian offshore field and pumping the gas into the sea below Ekofisk.

The Ekofisk platform, the first to be installed in the North Sea has sunk by more than eight feet in its 15-year lifetime and the seabed below the platform is now sinking at a rate of 15 inches a year.

This has put the field's facilities in danger from large waves. In June, Phillips Petroleum, the operator of Ekofisk, declared force majeure on its Ekofisk gas sales – equivalent to 5 per cent of Western Europe's gas consumption. Phillips needs as much gas as possible to pump into the seabed and prevent further subsidence.

But now Statoil is offering to developed the Tommeliten oil and gas field, in Norwegian North Sea block 1/9. If Statoil's partners agree this year, gas could be produced from the Tommeliten field by the autumn of 1989.

Mr Håkon Laik, a Statoil spokesman said yesterday in Stavanger: "The Tommeliten gas has been offered to the Ekofisk owners as injection gas and as a long-term solution to the seabed subsidence problems in the Ekofisk area."

The Tommeliten gas, and oil, could both be pumped to the Ekofisk central platform through pipelines. However, Phillips is already committed to spending $150m over the next two years, on relocating sensitive facilities from the lower deck of the sinking platform to higher levels.

U.S. bans sales of Austrian wine

BY RUPERT CORNWELL IN VIENNA

AUSTRIA'S devastating wine scandal assumed worldwide proportions yesterday as sales of the country's wine were banned in the U.S., and media in both Japan and Hong Kong warned of possible contamination from imported wine, doctored with poisonous diethylene glycol.

Austrian television meanwhile last night reported the discovery of a quantity of wine at Gols in the Burgenland district in the southeast, close to the Hungarian border, which contained an unprecedented 48 grammes a litre of the chemical, most commonly used as an antifreeze in car radiators.

That level compares with one of 14 grammes a litre, which is widely regarded as potentially lethal if the wine involved is drunk regularly. It is also more than double the previous record concentration of 19 grammes a litre, which has been found in certain sweet Austrian wine in the West German state of Lower Saxony.

The ban in the U.S has caused particular embarrassment in Austria, amid public dispute over precisely how long the Vienna authorities took to answer an official request from Washington for a list of suspect wines.

The latest development now threaten to add political crisis to the scandal. The opposition ÖVP has repeated its call for the resignation of both Herr Günter Haiden, the Agriculture Minister, and Herr Kurt Steyrer, the Health Minister, for their alleged failure to tackle the affair sooner.

On Monday, Herr Fred Sinowatz, the Austrian Chancellor, will chair a crisis meeting of ministers whose departments are concerned with the scandal and senior officials from the industry and the Austrian federal states, in an attempt to gain a grip on an affair which is now seriously damaging Austria's international reputation.

The main TV news last night described yesterday as "a black day for Austria." The Vienna city authorities have now issued an emergency telephone number for callers worried whether they have drunk possibly contaminated wine. So far some 5m litres of suspect produce have been confiscated and at least five people arrested in connection with the scandal. However, evidence has yet to surface of anyone falling seriously ill through drinking wine doctored with diethylene glycol.

French seize contaminated wine, Page 2

Goldsmith wins Crown battle

Continued from Page 1

Sir James, who last year had unsuccessfully pursued St Regis, another U.S. forest products group, and Continental Group, a packaging concern, launched a $42.50 a share offer for Crown in April this year. The bid valued the group at $1.15bn but was contingent on Crown withdrawing its "poison pill" defence, intended to make a hostile takeover bid prohibitively expensive. The offer was rejected, but the board said it was willing to consider offers for $60 a share or more, and went off to find a "white knight."

Brussels tightens product liability

A MAJOR advance in consumer protection was agreed last night when EEC industry ministers formally approved new rules on manufacturers' liabilities for defective products, **writes Ivo Dawnay in Brussels.**

The new legislation, which aims to harmonise existing rules in the Community, has been hailed as "an historic victory" by consumer groups.

It involves a substantial shift in the onus of proof of responsibility for faulty goods from the purchaser to the manufacturer. In many member states until now, it has been up to the consumer to establish the negligence of the producer.

The new regulations have been fought vigorously by industry, claiming that they could add substantially to costs through increased insurance premiums.

Changes to the proposals originally presented by the European Commission mean that member states may optionally put an Ecu 70m ($51m) ceiling on manufacturers' liability.

Governments will also have the right to decide whether companies may exercise a "state-of-the-art" defence, absolving them of responsibility if they can establish a product to have been safe according to all the information available at the time they were designed.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	28	82	Dubrovnik	S	30	86	Malaga	S	28	82	Salzburg	S	27	81
Akrotiri	S	33	81	Faro	S	27	81	Malta	S	33	91	Seoul	C	32	90
Algiers	S	34	93	Florence	S	33	91	Manila	C	33	91	Singapore	R	30	86
Amsterdam	S	24	75	Frankfurt	S	28	82	Miami	C	30	86	Stockholm	C	17	63
Athens	S	31	88	Funchal	S	24	75	Milan	S	31	88	Strasbourg	S	29	84
Bahrain	S	36	97	Geneva	S	28	82	Moscow	T	16	61	Sydney	S	17	63
Bangkok	S	33	91	Gibraltar	S	26	79	Munich	S	26	79	Taipei	C	31	88
Barcelona	S	28	82	Guernsey	S	25	77	Nairobi	C	21	70	Tangier	F	26	79
Beirut	S	29	84	Helsinki	F	22	72	Naples	S	29	84	Tehran	–	—	—
Belgrade	S	27	81	H. Kong	S	31	88	New Delhi	C	30	86	Tel Aviv	S	31	88
Berlin	C	19	66	Innsbruck	S	29	84	New York	R	28	82	Tenerife	S	26	79
Biarritz	S	24	75	Inverness	R	15	59	Nice	S	27	81	Tokyo	S	33	91
Blackpool	F	25	77	Istanbul	S	28	82	Oporto	C	20	68	Toronto	S	29	84
Bordeaux	S	30	86	Jersey	S	28	82	Oslo	S	21	70	Tunis	S	32	90
Brussels	S	27	81	Jo'burg	S	18	64	Paris	S	30	86	Valencia	S	32	90
Budapest	–	—	—	Las Palmas	S	24	75	Prague	S	25	77	Venice	S	29	84
B. Aires	R	16	61	Lima	C	18	64	Reykjavik	F	10	50	Vienna	S	26	79
Cairo	S	37	99	Lisbon	S	23	73	Rio de J'o	C	23	73	Warsaw	F	20	68
Cape Town	S	17	63	Locarno	S	27	81	Rome	S	29	84	Zurich	S	28	82
Caracas	R	27	81	London	S	25	77								
Casablanca	C	24	75	Los Angeles	C	29	84								
Copenhagen	S	20	68	Luxembourg	S	26	79								
Corfu	S	33	91	Madrid	S	35	95								
Dublin	D	16	61	Majorca	S	32	90								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

ICI 'danger signal'

Continued from Page 1

that we are also suppliers of raw materials to industry. Our sales reflect the impact of a stronger pound on motor cars, white goods, engineering and internationally traded products generally. These are all sectors we sell to in the UK."

Divisional results for the first six months showed a clear gap in the performance of commodity chemicals and more specialised products. The petrochemicals and plastics division suffered a 37 per cent fall in trading profits compared with a year before to £52m; fertiliesers were down 16 per cent at £68m; and general chemicals fell 5 per cent to £75m.

The more specialised agrochemicals business, by contrast, showed a 37 per cent profits jump to £70m, and pharmaceuticals were 15 per cent ahead at £125m. The special chemicals division (including a three-month contribution from Beatrice, the U.S. acquisition, showed almost doubled profits of £37m.

Like most of the world's big chemical companies, ICI has in the past few years laid great stress on moving from commodity chemicals to more specialised areas, as a defence against the next downturn in the chemicals cycle.

The interim dividend payment, was raised by 1p to 13p net.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Friday July 26 1985

Johnson & Johnson advance continues

By Our Financial Staff

JOHNSON & Johnson, a leading U.S. manufacturer of health care products, has continued its recent run of year-on-year earnings gains by posting a 30 per cent rise in second-quarter earnings to $156.7m or 85 cents a share.

The latest quarter's results, which compare with $120.8m or 63 cents a share a year earlier, take earnings for the first six months to $328m or $1.79 a share from $269.8m or $1.41.

Revenues in the latest quarter edged up from $1.54bn to $1.57bn, and from $3.07bn to $3.16bn in the first half.

Analysts expect Johnson & Johnson to report full-year earnings this year of around $3.40 a share, compared with $515m or $2.75 a share in 1984. On the basis of the first-half results the company appears set to reach this target.

In June Johnson & Johnson said research and development spending for 1985 was projected at about $450m, up from $421m in 1984.

In contrast, earnings were down sharply at Richardson-Vicks, the Connecticut-based manufacturer of health and personal care products. Net profits in the fourth quarter were down from 64 cents a year ago to 48 cents, down sharply on Wall Street estimates and taking the full-year total to $3.01 a share. Profits in the previous year were $71.9m or $2.92 a share.

Bell Canada advances in quarter

By Robert Gibbens in Montreal

BELL CANADA Enterprises (BCE), holding company for the regulated Bell Canada Telecommunications business, and more than 70 non-regulated businesses, had a strong second quarter and first half and expects satisfactory earnings growth for the full year.

Second-quarter net profit was C$274m ($203m) or C$1.11 a share against C$227.4m or 98 cents on fewer shares outstanding a year earlier. *Revenues were C$3.3bn* against C$2.5bn.

For the six months to June 30, net profit was C$529.9m or C$2.15 a share against C$430.2m or C$1.87 a year earlier, on revenues of C$6.3bn against C$4.9bn.

All the group's principal sectors, including energy and printing, did better in the half year, but a lower rate of profit growth is expected in the second half.

Separately, BCE announced it was *paying C$35m for nearly 49* per cent of Computer Innovations Distribution, a leading Canadian computer retailer with more than 50 sales and service outlets.

The seller is Campeau, a property developer with high-tech interests. Hudson's Bay Company has a 22 per cent interest in CID, which in the year to March 30 had sales of more than C$100m and net profit of more than C$2.6m.

Better resource and oil products *performance helped Shell Canada* report higher earnings for the first half, partly offset by losses in chemicals.

Earnings were C$94m or 77 cents a share against C$86m or 70 cents a year earlier, excluding special charges. Revenues rose to C$3.1bn from C$2.7bn.

ENI arranges £250m facility

By Our Financial Staff

ENI, the Italian state energy group at the centre of controversy over last weekend's lira devaluation, is arranging a £250m bankers' acceptance facility.

Banks leading the deal – Bankers Trust, National Westminster, Sumitomo Bank and S. G. Warburg, with the latter as bookrunner – reviewed it after the weekend and determined that it would not be affected by the adverse publicity ENI has received.

On Friday, the lira fell 20 per cent as ENI bought $125m on the foreign exchange market. It did so after the Bank of Italy had secretly decided to devalue the lira but before the move was made over the weekend.

The banks took the view that the resulting dispute would have no effect on the financial stability of the borrower or of Italy itself.

ENI, which is replacing existing facilities with the new arrangement, will be able to call on a tender panel to make bids, and will have the option to request bids on dollar and European Currency Unit (Ecu) notes.

The five year facility has an underwriting fee of 1/16 per cent and an acceptance commission of 3/16 per cent.

MBB expects sharp sales growth after high-tech expansion

BY JOHN DAVIES IN MUNICH

MBB, the West German aerospace concern, expects substantial growth in sales revenue during the next few years as a result of its expansion and diversification in areas of high technology.

Sales revenue is expected to increase by an average of about 10 per cent a year from 1986, with strong emphasis on development-oriented work and management of new projects. MBB's own product *manufacturing, however, might not* keep pace with this rate of growth, executives said.

Sales revenue edged down 3 per cent to DM 5.72bn ($1.98bn) last year, although Dr Hanns Vogels, the chief executive, said that sales in any single year were inevitably affected by the final accounting of large projects. The value of work performed within MBB actually rose 4 per cent last year, he said.

MBB, which increased net profit to DM 98m last year from DM 92m in 1983, is planning to increase its labour force by 1,000 to about 36,400 this year, partly because of the introduction of shorter working hours in the West German metal industries from last April.

Dr Vogels said that MBB had to become at least as strong as the leading aerospace concerns in the UK and France, such as British Aerospace, Matra, Dassault and Aerospatiale. This was necessary if *MBB was to match up to the major* industrial opportunities ahead and to join in international co-operation on equal terms with others.

However, there was no plan at present for stock exchange trading in MBB shares, which is owned by a complex matrix of West German industrial, banking, state government and family interests.

Dr Vogels expected important "synergy effects" to arise from MBB's new link with Krauss-Maf*fei, the armaments concern,* in both civil and military areas, such as tank defence systems, new plastics technology and transport technology.

MBB is indirectly involved in a consortium to take over much of the Flick group's interest in Krauss-Maffei in a deal which was closely scrutinised but finally cleared by the West German Cartel Office.

"We never said that we wanted to have Krauss-Maffei as a subsidiary of MBB," said Herr Sepp Hort, MBB's deputy chief executive.

MBB envisaged technology transfers and other links so that the two concerns would, to some extent, supplement each other, executives indicated.

Dr Vogels said that independently of the Bonn Government, MBB was investigating prospects for obtaining contracts under the U.S. Strategic Defence Initiative (SDI), the star wars research programme promoted by President Ronald Reagan.

MBB was also interested in suggestions that France and West Germany might consider working on a European anti-missile system. MBB hoped to make a "contribution" *if a European initiative should* emerge, he said.

Dr Vogels said that it was becoming more likely that West Germany, the UK, Italy and Spain would go ahead without France in developing a new European fighter aircraft. He felt France was still interested in five-nation co-operation but did not want to limit all activities to this one fighter project.

MBB executives, meanwhile, show little enthusiasm about feelers evidently being put out by Dornier, the light aircraft and research company, for a stake of 10 per cent or more in Deutsche Airbus. This company, a wholly owned subsidiary of MBB, is one of the partners in the international Airbus consortium.

MBB is reluctant to be pinned down, particularly as it takes Dornier more seriously since a 65.5 per cent stake in Dornier was bought recently by the Daimler-Benz car and truck concern.

There appear to be hints that a Dornier stake in future Airbus projects might be worth examining. But MBB executives say they have received no official proposal from Dornier

Shutdown warnings by Data General

By Paul Taylor on New York

DATA GENERAL, the U.S. superminicomputer group, plunged into loss in its fiscal third quarter as the industry-wide downturn took its toll. At the same time the computer group painted a gloomy outlook and warned of probable temporary plant closures later this year.

In contrast Amdahl, the IBM mainframe compatible computer group, managed to post modestly higher second quarter net earnings, which grew to $5.2m or 11 cents a share on a fully diluted basis from $4.9m or 11 cents a share. Revenues increased to $206.6m from $196.8m a year earlier.

Data General, whose earnings began to turn sour in the previous quarter following six quarters of rapid growth, posted a net loss of $8.3m or 32 cents a share in the latest period ending June 29. The once high-flying company had earlier warned of the possibility of a fiscal third quarter loss.

The latest quarterly loss compares to net earnings of $18.6m or 71 cents a share in the 1984 period before an extraordinary gain of $3.5m or 13 cents a share, which lifted final net earnings in the year-ago period to $22.1m or 84 cents a share. The company noted that previous year's earnings have been restated to reflect a shift in accounting to four 13-week periods.

The Westboro group said revenues in the latest period fell by 6 per cent to $285.5m from $304.2m a year earlier. The company blamed the loss on "lower than expected computer sales," a previously announced inventory writedown of $8.2m to match inventories and capacity to demand, and the costs of a substantial 1,400 reduction in its workforce undertaken in the latest period.

On an operating basis the group posted a loss of $16m compared with operating income of $28.6m in the year-ago quarter.

The latest losses reduced nine-month earnings to $23.8m or 90 cents a share.

World Bank taps Tokyo market

THE WORLD BANK, one of the biggest borrowers in the international bond markets, yesterday opened a new sector by launching the first dollar-denominated public issue in Tokyo, writes Maggie Urry in London. The $300m deal was well received by investors.

Nomura Securites set terms of a 10½ per cent coupon and par issue price for the 10-year deal. With fees of 1¾ per cent – lower than in the Eurodollar sector – the World Bank obtained funds at only a few basis points above U.S. Treasury bond yields and at a rate slightly more favourable than could have been achieved in the Eurobond or U.S. domestic bond markets at the time.

Japanese investors have been big *buyers of dollar bonds, both from* Europe and the U.S., but are restricted as to the amount they can purchase. As the World Bank issue is domiciled in Tokyo and will be listed on the Tokyo Stock Exchange, they will be free to buy the bonds.

While the World Bank is already a major issuer of yen-denominated bonds in Japan, this new market sector gives it a more efficient way of tapping demand in the Far East for its dollar bond issues.

The Eurodollar bond market continued to drift lower yesterday in thin trading. However, strong demand for The Limited's $50m convertible encouraged Swiss Bank Corporation International to accelerate the subscription period and set the final terms early. The coupon is 6¾ per cent, the low end of the indicated range, while the conversion price is $32 – a 24.9 per cent premium to the share price – the top of the expected range.

An Australian dollar isue was launched late in the day for Westdeutsche Landesbank, with Orion Royal Bank as book-runner. The A$50m issue matures in 1990 and pays a 12¾ per cent coupon with a 100¾ issue price. Bayerische Vereinsbank has already tapped this sector and other German banks are expected to launch issues.

Chrysler launched a NZ$50m issue with the highest coupon in the sector since November 1982. The 17 per cent coupon could deter other borrowers from coming to the market, though dealers regarded it as correct for this name. The bonds have a five-year life and issue price is 100.40. The proceeds will be swapped.

*The bonds traded comfortably in*side the 2 per cent fees. Morgan Guaranty is book-runner on the issue.

Late in the day Bank of Tokyo launched a Canadian dollar issue, led by Bank of Tokyo International. This C$75m deal has a 10-year maturity and pays a 10¾ per cent coupon. Issue price *is 101¾ and fees* total 2 per cent.

The European currency unit market welcomed an issue from Sanwa International Finance for Ecu 40m. It has a nine-year average life and pays a 9 per cent coupon. Issue price is par. Sanwa International is book-runner for the deal which was trading just inside the 1¼ per cent selling concession. The sector is firm with prices in the secondary market up by ¼ point

Another deal was launched in the re-opened Euro French franc market. The borrower is Compagnie Generale D'Electricité, the state-owned electrical group, which has not issued a Eurobond before. The 10¾ per cent coupon is the lowest since the market was revived in April this year. The FFr 500m issue matures in 2000.

The coupon will be reset every five years, with both borrower and investors able to redeem the issue. *Credit Commercial de France led* the issue, which was trading well at a level around 99¾ compared with the par issue price. Fees total 1⅞ per cent.

Ford Motor Credit has braved the yen-dollar dual currency market, only the second borrower to do so. The first issue, for Farm Credit Corporation, has not been a success.

Ford's issue, led by Daiwa Europe, offers investors greater protection against a falling dollar. The Y25bn deal pays a 8 per cent coupon in yen for its 10-year life – higher than Ford would pay for a straight Euroyen issue – and repays in dollars. Each Y1m bond will be redeemed at $4,814, setting an exchange rate of Y207.73 to the dollar.

Swiss franc foreign bonds were slightly weaker yesterday with *little buying interest.*

SBC announced a SwFr 100m private placement for Montedison Finance Overseas which is guaranteed by the Italian parent company. Terms were fixed at a six-year life with a 5½ per cent coupon and par issue price.

In West Germany the Federal Government set the coupon for its new DM 2.5bn 10-year issue at 6¾ per cent – the lowest coupon since 1978. Issue price is 99¾ which deal*ers regarded as on the tight side.* D-Mark Eurobonds improved slightly

Texas Instruments buys British Telecom 'door-to-door' service

BY PAUL TAYLOR IN NEW YORK

TEXAS Instruments is to be the *first U.S. customer for a "door-to-*door" direct link, high-speed digital satellite telecommunications service to be offered by British Telecom International (BTI), the international unit of the UK telecommunications group, in conjunction with American Telephone and Telegraph (AT&T).

The deal, announced in New York yesterday by BTI, represents confirmation of a significant expansion of BTI's Satstream international business telecommunication service, introduced between the UK and Canada last year.

BTI said the Texas Instruments service, to begin operating later this year, will link Texas headquarters in Dallas via a "single-hop" 4,500 mile satellite link to the electronics *group's European communications* centre in Bedford, England. BTI claimed yesterday that the link – using 18-foot satellite dish earth stations at the group's sites – was a world first.

"Until now," said Mr Mike Ford, president of BTI's U.S. subsidiary, "international satellite communications users have been required to use 'community' or 'urban gateway' antennas shared with other customers. This is a truly innovative and *trend-setting agreement.*"

The direct link service has been made possible by a relaxation last year of U.S. federal regulations covering the ownership of earth stations. Since then, the major U.S. telecommunications groups have been scrambling to unveil new customtailored digital communications ser*vices for their clients. The U.S. end* of the Texas Instruments link will be handled by AT&T under its recently announced Skynet service.

BTI and AT&T said yesterday that the service – which can be used for a wide variety of customer telecommunications needs including voice, computer data and video – will be offered using either dedicated small satellite dishes on a client's premises, or using dishes shared by a group of customers.

The British telecommunications group also revealed that, among other potential customers for the service, it had signed a deal with the U.S. State Department to link the U.S. embassy in London directly to Washington. That link should be operational by next summer.

Note issuance facility for Klöckner

By Alexander Nicoll in London

KLÖCKNER, *the trading, steel and* metals group, has become what is believed to be the first West German company to arrange a note issuance facility on the Euromarkets.

According to statistics compiled by the magazine Euromoney, there have been no facilities for German borrowers since the market got off the ground in 1978. The market has been dominated by U.S., Australian and Swedish borrowers, with a recent flurry of activity by British *companies.*

Klöckner's revolving facility will allow it to borrow up to $50m in short-term Euronotes, dollar or sterling acceptances, or advances. Participating banks will bid for paper under the tender panel system.

Terms are more generous to the banks than recent British borrowings, and include provision for stepped-up fees for larger commitments and for substantial use of the facility by Klöckner.

Goldman Sachs is arranging the deal with Lloyds Merchant Bank as agent. The facility fee is ⅛ per cent for participations of over $5m and 1/16 per cent for participation between that level and $3m.

Utilisation will be at ¼ point above London interbank offered rates, plus 0.05 per cent if the entire facility is between one-third and two-thirds used and 0.075 per cent if usage rises above two-thirds.

Delta lifts dividend

By Our Financial Staff

DELTA Airlines of the U.S. reports a strong advance in profits for the year ended June 1985 and as a result is stepping up its latest quaterly *dividend* from 20 cents a share to 25 cents.

Despite reduced profits on the sale of aircraft, the final quarter profit emerged at $84.1m after tax, against $71.7m a year earlier. The per share result is $2.11, up from $1.80.

Norsk Hydro boosts earnings by 25% on higher turnover

BY FAY GJESTER IN OSLO

NORSK HYDRO, the Norwegian industrial and energy concern, achieved a 25 per cent rise in net profits from NKr 1.08bn to NKr 1.35bn ($161m) during the first half of 1985, compared with the same period a year earlier. Sales and other operating income was up 12 per cent to NKr 18.69bn from NKr 16.67bn.

The full year's net profit is expected to be "at least as good" as last year's NKr 2.0bn according to Mr Torvild Aakvaag, president.

The profits increase reflected the substantially lower interest costs and improved results in three of the group's main sectors – petroleum, fertilisers and light metals. But *profits from the fourth sector,* petrochemicals, were almost halved, owing to lower prices for plastics, higher prices for ethylene plant feedstocks, and the effects of a strike in the first quarter of the year.

Mr Aakvaag says the group has now achieved a better balance between its land-based activities an d its oil and gas production. Because of this, and since profits from the former are not so heavily taxed as those from petroleum extraction, Hydro is now less vulnerable to fluctuation in oil prices and curren*cy exchange rates.*

The group is a buyer of petroleum, particularly for its fertiliser production, as well as a seller, points out Mr Aakvaag. He says it as been estimated that even if oil prices should fall to around $20 per barrel, overall results would hardly be affected. Hydro's recent growth has, moreover, been largely self-financed, significantly reducing interest costs.

Oil and gas continues to make the largest single contribution to operating profits – NKr 2.52bn of a total of NKr 3.6bn, compared with NKr 2.29bn out of NKr 3.29bn in January – June 1984. But profits from the fertiliser sector rose sharply to NKr 660m from NKr 475m and those from light metals by NKr 54m to NKr 459m. Improved performance of magnesium more than offset falling prices for aluminium. Petrochemicals contributed only NKr 61m, against NKr 205m.

The improvement for fertilisers reflected a firm price trend but *overseas markets have weakened.* The strong dollar has led to higher costs for purchased feedstocks (ammonia, gas and other raw materials) and in most markets the increase has not been fully reflected in product prices.

The higher petroleum profit has been party offset by a fall in the volume of gas sales, owing to the termination of gas presale from the North Sea Frigg field in connection with the development of the Odin *field. The start-up of Odin has led,* however, to a marked rise in income from gas transport through the Frigg system.

The development of the Oseberg oil and gas field, where Hydro is a 13.75 oper cent partner, is on time and on budget.

Special gain lifts Martin Marietta 62%

By Our New York Staff

OPERATING earnings at Martin Marietta, the U.S. aerospace, data communications and construction materials group, dipped slightly in the second quarter. A $100m pre-tax gain, however, took net earnings more than 62 per cent ahead to $122.04m or $2.09 a share from $74.2m or $1.37 a year ago.

Operating income was $89.16m against $93.74m last time, on sales $122m higher at $1.11bn.

The results reflect continuing strong performance by the aerospace and construction aggregates businesses, offset by increased data development costs and sluggishness in the software market.

The special gain arose from the sale of the Master Builders Division, and compares with an $18m gain in the same period a year earlier.

For the half year, operating income was little changed at $138.5m, but the net figures jumped to $149.8m or $2.63, from $98.96m or $1.80. Sales for the six months reached $2.12bn, compared with $1.8bn.

Textron, the industrial conglomerate which recently withdrew its plan to sell Bell Helicopter, lifted *second-quarter net earnings* by $21.4m to $48.6m, or from 74 cents to $1.34 a share. This took the six-month total to $109m or $3.02, including a $11.8m gain arising from an accounting change. In the first half year in 1984, profit was $53.7m or $1.46.

Farm credit agency acts to end rumours

BY WILLIAM HALL IN NEW YORK

THE Federal farm credit system, which lends about a third of the $212bn borrowed by U.S. farmers, yesterday took the unusual step of saying it was "financially sound" in a bid to quash rumours which have been circulating in the country's financial markets in recent weeks.

The agency, however, *did* not appear to rule out the possibility that it might have to seek assistance from the government. It says it is evaluating "various forms of government assistance" to address the problems of U.S. farmers "and their lending institutions." Ominously, it stresses that, while the system remains sound, it cannot control the future of U.S. agriculture.

Concern about the Federal farm credit system, one of the biggest borrowers in the U.S. financial markets, has risen following the publicity given to the planned $435m bail-out of the Federal Intermediate Credit Bank of Omaha, the second biggest bank in the system, and reports that the system could collapse if it is not radically reorganised.

The farm credit banks borrow more than $100bn a year through the sale of securities. Although the system was initially financed by the government, these funds have been *repaid and the securities now issu*ed are not obligations of or guarranteed by the government or any of its agencies. The farm credit banks have been able to borrow on very fine terms and there is a fear that the recent reports could raise the system's borrowing costs and might even cause some dislocation in its access to the financial markets.

A key test of the farm credit banks' ability to continue to raise substantial amounts of short-term money will come next week when the Federal Farm Credit Banks Funding Corporation, which raises the money on behalf of the system, plans to raise $1.277bn in consolidated system-wide bonds.

Italian savers keep unit trusts growing

BY ALAN FRIEDMAN IN MILAN

ITALY'S newly created unit trusts reached a total of L9,073bn ($4.7bn) in investment funds at the end of June, nearly an eight-fold increase since the start of the year.

The latest figures from Assofondi, the unit trust association, con*firm that the new funds,* which offer tax-free capital gains if distributed as income, have become the hottest new investment tool in Italian finance.

The unit trusts, authorised by legislation in late 1983, began operating last September. By the end of last December, however, few trusts were operating and the total collected was L1,164bn. March saw the fastest growth this year, when almost $700m poured in from investors.

*The arrival of the trusts has re*ceived a rapturous welcome because Italy has a very high savings ratio (22.7 per cent) and a limited selection of outlets for savers. Italian exchange controls make it difficult to invest abroad.

Until the unit trusts were formed, savers were restricted to bank deposits (paying 8 to 12 per cent interest), tax-free Treasury bonds (yielding 13.5 to 14.5 per cent) and shares on the Milan bourse.

Individual investors, however, have generally shied away from the stock market, which has been seen as offering a small selection of shares and too much risk.

At the end of June, a total of 30 unit trusts were operating, managed by 17 banks and insurance companies. The unit trusts were expected to achieve a total of L10,000bn in funds by year-end, but it now seems this level will be reached by the end of this month.

The trusts, along with foreign investment, have contributed to the spectacular boom on the Milan bourse in recent months. This is despite the fact that only 20 to 25 *per cent of the L9,073bn of funds is* actually held in shares.

Genercomit, the Milan-based unit trust which is a joint venture between Banca Commerciale Italiana, Italy's second largest bank, and Generali, the biggest insurer, says it has 24.37 per cent of its L507bn of unit trust funds invested on the stock market.

Rustenburg Platinum on target

By Kenneth Marston in London

THE FURTHER "substantial increase" in earnings forecast by South Africa's Rustenburg Platinum Holdings for the second half of the year to June 30 has been achieved. Following an 86 per cent rise to R59.5m ($31.4m) in the first *six months, the total for the year* has increased by 56.7 per cent to R156.9m, or 125.2 cents a share, from R100.9m in 1983-84.

Rustenburg has lifted its final dividend by 12.5 cents to 55 cents (20.7p), making a year's total of 90 cents against 60 cents. This follows a doubling of the interim dividend which, at the time, was stated to have been partly in order to reduce the disparity between interim and final payments.

Although Rustenburg's costs have risen during the past year and the big producer of platinum group metals and gold sold its production for substantially lower U.S. dollar prices, these factors were more than outweighed by the weakness of the rand against the dollar, which boosted domestic revenue, coupled with higher sales.

Strong dollar slows Nabisco

By Our New York Staff

THE IMPACT of the strong dollar on foreign earnings curbed second-quarter performance at Nabisco Brands, the U.S. food concern. Group net earnings edged ahead to $63.8m from $63m a year ago, on sales 2 per cent lower at $1.5bn, against $1.53bn.

Earnings per share showed a rise from $1 to $1.11, on capital 9 per cent smaller following a share buyback. The decline in turnover was due in part to the disposal of Van Nelle, the Netherlands subsidiary, in the first quarter.

First-half income was slightly higher at $120.3m, or $2.08 a share, compared with $119.2m, or $1.88 previously. Sales for the period dipped 3.8 per cent to $2.85bn, from $2.97bn.

BASE LENDING RATES

A.B.N. Bank	13 %
Allied Dunbar & Co	12 %
Allied Irish Bank	12 %
American Express Bk.	12 %
Henry Ansbacher	12 %
Amro Bank	12 %
Associates Cap. Corp.	13 %
Banco de Bilbao	12 %
Bank Hapoalim	12 %
BCCI	12 %
Bank of Ireland	12 %
Bank of Cyprus	12 %
Bank of India	12 %
Bank of Scotland	12 %
Banque Belge Ltd.	12 %
Barclays Bank	12 %
Beneficial Trust Ltd.	13½%
Brit Bank of Mid. East	12 %
■ Brown Shipley	12 %
CL Bank Nederland	12 %
Canada Permanent	12 %
Cayzer Ltd.	12 %
Cedar Holdings	13 %
■ Charterhouse Japhet	12 %
Choulartons**	
Citibank NA	12 %
Citibank Savings	¶12¾%
City Merchants Bank	12 %
Clydesdale Bank	12 %
C. E. Coates & Co. Ltd.	12½%
Comm. Bk. N. East	12 %
Consolidated Credits	12½%
Co-operative Bank	*12 %
The Cyprus Popular Bk	12 %
Duncan Lawrie	12 %
E. T. Trust	13 %
Exeter Trust Ltd.	12½%
First Nat. Fin. Corp.	13½%
First Nat. Secs. Ltd.	13½%
■ Robert Fleming & Co.	12 %
Robert Fraser & Ptns.	13 %
Grindlays Bank	‡12 %
■ Guinness Mahon	12 %
■ Hambros Bank	12 %
Heritable & Gen. Trust	12 %
■ Hill Samuel	§12 %
C. Hoare & Co.	12 %
Hongkong & Shanghai	12 %
Johnson Matthey Bkrs.	12½%
Knowsley & Co. Ltd.	12½%
Lloyds Bank	12 %
Edward Manson & Co.	13 %
Meghraj & Sons Ltd.	12 %
Midland Bank	12 %
■ Morgan Grenfell	12 %
Mount-Credit Corp. Ltd	12 %
National Bk. of Kuwait	12 %
National Girobank	12 %
National Westminster	12 %
Northern Bank Ltd.	12 %
Norwich Gen. Trust	12 %
People's Trust	13 %
PK Finans Intl. (UK)	13 %
Provincial Trust Ltd.	13 %
R. Raphael & Sons	12 %
Roxburghe Guarantee	12½%
Royal Bank of Scotland	12 %
Royal Trust Co. Canada	12 %
■ J. Henry Schroder Wagg	12 %
Standard Chartered	‖12 %
TCB	12 %
Trustee Savings Bank	12 %
United Bank of Kuwait	12 %
United Mizrahi Bank	12 %
Westpac Banking Corp.	12 %
Whiteaway Laidlaw	12½%
Williams & Glyn's	12 %
Yorkshire Bank	12 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.75%. 1 month 9.5%. Top Tier—£2,500+ at 3 monthly notice 12%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8¾% gross.
‖ 21-days deposits over £1,000 10%.
¶ Mortgage base rate.
**See Provincial Trust Ltd.
§ Demand deposits 8½%.

INT. COMPANIES and FINANCE

Wang plunges to $109m loss in quarter

BY CHRIS CAMERON-JONES IN NEW YORK

THE SEVERITY of the downturn in the computer industry was brought home forcefully when Wang Laboratories, a leading U.S. office equipment group, turned in a $109m fourth-quarter loss on 11 per cent lower sales. The result, far worse than expected by analysts, arose from the company's decision to write off $137m on excess and obsolete stocks. Provisions were also made for costs arising from staff cuts.

The Massachusetts-based group had warned of a final quarter deficit in June, announcing that it was to axe 5 per cent of its workforce. The deficit compared with a profit of $73.7m or 52 cents a share in the same period a year ago.

The latest setback reduced income for the fiscal year ended June 30 to only $15.5m or 11 cents, compared with record earnings of $210.2m or $1.52 for 1983–84.

Sales revenue for the latest quarter dipped from $713.8m to $635.2m, leaving the full-time total at $2.35bn, against $2.18bn previously.

Wang said the write-off reflected a combination of lower than expected production and higher than expected manufacturing costs, as well as the provision for inventory obsolesence.

Results for the quarter as well as the year were adversely affected by the strength of the U.S. dollar. It noted that, had currency rates remained constant compared with 1984, its revenues for the year would have increased by 13 per cent.

Meanwhile Storage Technology, the troubled Colorado-based manufacturer of computer peripheral equipment which is struggling to reorganise under Chapter 11 of the U.S. bankruptcy code, shows an increased loss for its second quarter.

The deficit of $15.94m compared with $4.88m for the corresponding quarter, taking the deficit for the half year on a comparative basis to $29.44m against $21.55m last time. But because of a change in revenue recognition policy, the first half loss is reported as $45.83m.

Revenue for the latest quarter fell to $172.83m from $247.11m a year ago, taking the six-month total to $334.6m compared with $426.6m previously.

NORTH AMERICAN QUARTERLY RESULTS

BRISTOL-MYERS
Pharmaceuticals

Second quarter	1985 $	1984 $
Revenue	1.08bn	1.06bn
Net profits	125.9m	111.1m
Net per share	0.91	0.81
Six months		
Revenue	2.16bn	2.12bn
Net profits	250.5m	221.1m
Net per share	1.82	1.62

BORG-WARNER
Vehicle parts, chemicals, plastics

Second quarter	1985 $	1984 $
Revenue	1.03bn	1.03bn
Net profits	18.1m	46.6m
Net per share	0.20	0.52
Six months		
Revenue	1.97bn	1.98bn
Net profits	62.7m	96.8m
Net per share	0.70	1.07

CHUBB
Insurance

Second quarter	1985 $	1984 $
Op. net	22.5m	14.5m
Net profits	58.4m	14m
Net per share	2.61	0.75
Six months		
Op. net	45.7m	29.5m
Net profits	83.2m	32.9m
Net per share	3.79	1.77

CELANESE
Chemicals

Second quarter	1985 $	1984 $
Revenue	780m	860m
Op. net profits	49m	47m
Op. net per share	3.66	3.05
Six months		
Revenue	1.53bn	1.7bn
Op. net profits	85m	91m
Op. net per share	6.24	5.74

CONSOLIDATED EDISON
Utility

Second quarter	1985 $	1984 $
Revenue	1.21bn	1.26bn
Net profits	83.9m	91.8m
Net per share	0.61	0.64
Six months		
Revenue	2.65bn	2.7bn
Net profits	232.4m	245.9m
Net per share	1.71	1.75

DART & KRAFT
Processed foods

Second quarter	1985 $	1984 $
Revenue	2.44bn	2.46bn
Net profits	111.2m	109.5m
Net per share	0.77	0.71
Six months		
Revenue	4.78bn	4.87bn
Net profits	212m	217.3m
Net per share	1.47	1.37

DIAMOND SHAMROCK
Energy, resources

Second quarter	1985 $	1984 $
Revenue	1.03bn	1.13bn
Net profits	†764.4m	64.3m
Net per share	†6.16	0.48
Six months		
Revenue	1.98bn	2.27bn
Net profits	†795.3m	123.8m
Net per share	†5.72	0.91

† Loss reflects $810m write down

GENERAL PUBLIC UTILITIES
Utility

Second quarter	1985 $	1984 $
Revenue	673.3m	658.7m
Net profits	13m	19m
Net per share	0.21	0.30
Six months		
Revenue	1.43bn	1.35bn
Net profits	47.1m	52.3m
Net per share	0.75	0.83

GOULD
Electronic products

Second quarter	1985 $	1984 $
Revenue	355.9m	393m
Op. net profits	15.3m	22.8m
Op. net per share	0.35	0.50
Six months		
Revenue	704.3m	756.1m
Op. net profits	33.4m	43.8m
Op. net per share	0.76	0.96

INGERSOLL-RAND
Air compressors, industrial ware

Second quarter	1985 $	1984 $
Revenue	667.1m	647.4m
Net profits	16.7m	16.9m
Net per share	0.78	0.78
Six months		
Revenue	1.3bn	1.2bn
Net profits	30.9m	24.3m
Net per share	1.44	1.08

KIMBERLEY CLARK
Tissues and newsprint

Second quarter	1985 $	1984 $
Revenue	1.01bn	891.2m
Net profits	76.9m	59.9m
Net per share	1.72	1.29

3M
Industrial and consumer products

Second quarter	1985 $	1984 $
Revenue	1.95bn	1.96bn
Net profits	169m	193m
Net per share	1.46	1.64

McDONALD'S
Fast food chain

Second quarter	1985 $	1984 $
Revenue	955.8m	881.9m
Net profits	117.1m	108.6m
Net per share	1.35	1.23
Six months		
Revenue	1.8bn	1.64bn
Net profits	201.4m	183.6m
Net per share	2.31	2.07

McKESSON
Drugs distributor

First quarter	1985-86 $	1984-85 $
Revenue	1.36bn	1.15bn
Op. net profits	16.9m	14.7m
Op. net per share	0.91	0.81

NORFOLK SOUTHERN
Railroad

Second quarter	1985 $	1984 $
Revenue	894.4m	920.3m
Net profits	138.7m	136.1m
Net per share	2.20	2.16
Six months		
Revenue	1.75bn	1.8bn
Net profits	236.5m	239.3m
Net per share	3.79	3.80

NEW YORK TIMES
Diversified media business

Second quarter	1985 $	1984 $
Revenue	346.4m	308.6m
Net profits	31.3m	27.7m
Net per share	0.78	0.70

PHELPS DODGE
Mining

Second quarter	1985 $	1984 $
Revenue	232.7m	246m
Net profits	11.4m	†20.7m
Net per share	0.30	†0.92
Six months		
Revenue	466.3m	496.5m
Net profits	13m	†26.7m
Net per share	0.24	†1.16

†Loss

POLAROID
Photographic products

Second quarter	1985 $	1984 $
Revenue	306.4m	318.6m
Net profits	9.9m	7.3m
Net per share	0.32	0.23

PRIME COMPUTER
Computer eqpt.

Second quarter	1985 $	1984 $
Revenue	187.3m	161.4m
Net profits	13.1m	12.8m
Net per share	0.27	0.27

REPUBLIC AIRLINES
Mainly domestic airline

Second quarter	1985 $	1984 $
Revenue	455.6m	410.5m
Net profits	120.1m	29m
Net per share	3.26	0.85

RYDER SYSTEM
Trucking

Second quarter	1985 $	1984 $
Revenue	708.5m	634.4m
Net profits	38.9m	34.6m
Net per share	0.75	0.73
Six months		
Revenue	1.35bn	1.21bn
Net profits	58.9m	54m
Net per share	1.16	1.14

SINGER
Sewing machines, defence products

Second quarter	1985 $	1984 $
Revenue	582.2m	603.2m
Net profits	12.3m	11.9m
Net per share	0.61	0.61
Six months		
Revenue	1.16bn	1.23bn
Net profits	42m	23.7m
Net per share	2.20	1.21

SQUIBB
Pharmaceuticals, cosmetics

Second quarter	1985 $	1984 $
Revenue	474.6m	440.6m
Net profits	52.3m	47.1m
Net per share	0.57	0.55

TRIBUNE
Media

Second quarter	1985 $	1984 $
Revenue	506.2m	466.3m
Net profits	34.5m	29.2m
Net per share	0.85	0.72

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for July 25.

U.S. DOLLAR STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

Average price change On day [illegible] on week [illegible]

DEUTSCHE MARK STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

Average price change On day [illegible] on week [illegible]

SWISS FRANC STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

Average price change On day [illegible] on week [illegible]

YEN STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

Average price change On day [illegible] on week [illegible]

FLOATING RATE NOTES

	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

Average price change On day [illegible] on week [illegible]

CONVERTIBLE BONDS

	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

* No information available—previous day's price.
† Only one market maker supplied a price.

[illegible]

Matsushita Electric ahead 17% at midway

By Carla Rapoport in Tokyo

MATSUSHITA ELECTRIC, the world's largest maker of electrical appliances, yesterday announced that consolidated pre-tax profits for the first half of the year rose by 17 per cent to Y349.7bn ($1.46bn) on sales up 11 per cent to Y2,491bn.

The improvement was largely the result of continued strength in sales of video tape recorders and related products, Matsushita's largest single line. Sales of VTRs were up by 20 per cent to Y715.7bn.

At the same time, the company said its second quarter figures point to a slowdown in growth in consumer spending in Japan, as well as signs of slower U.S. economic growth.

Consolidated net income for the first half was Y127.8bn compared with Y108bn last year, while earnings per share advance to Y70 from Y62.36.

Canon plans U.S. factory

TOKYO—Canon, the Japanese optics group, said yesterday it was planning to build a factory in the U.S. to produce office equipment. It added that it had not yet selected a site for the plant.

The Nihon Keizai Shimbun, Japan's leading economic newspaper, said the company was considering making toner and drums for photocopiers initially, and later manufacturing complete copiers, facsimile machines and electronic typewriters.

The company planned to invest between Y20bn and Y30bn ($83m-$125m) in the plant, and hoped to begin construction early next year, the newspaper said.

Another Japanese company, Ricoh, currently makes photocopiers in the U.S., but no Japanese concern makes facsimile machines or electronic typewriters there. A Canon subsidiary in California now produces typewriter ribbons and photocopier toner and drums.

AP-DJ

Bond lifts bid to A$1.1bn for all of Castlemaine

BY LACHLAN DRUMMOND IN SYDNEY

BOND Corporation Holdings has announced a new bid for all the shares in Castlemaine Tooheys, valuing Australia's second largest brewer at A$1.098bn (US.$778.7m).

The takeover, if successful, would be the largest of a listed company seen in Australia, ranking ahead even of the near A$1bn takeover of Carlton and United Breweries by Elders IXL last year and the current A$970m offer by G. J. Coles for Myer Emporium.

Bond last Friday launched a A$7.10 per share bid to take its Castlemaine holding to 50 per cent, but in the face of the firm rejection of both price and the partial nature of that offer, it is now offering A$7.50 a share for the entire capital.

However, Bond's offer is free of any minimum acceptance conditions, allowing it to retain all acceptances it receives and giving it full freedom for on-market purchases, provided that once it passes 20 per cent the highest price it pays becomes the formal offer.

This gives it considerably more flexibility than under the partial offer—where it cannot buy on-market beyond 20 per cent—although it could end up with partial ownership, should Allied Lyons and other shareholders remain unconvinced of the merits of the offer.

The bid represents a multiple of 15 times the A$73.5m mid-point of brokers' profit forecasts of Castlemaine's earnings in the year ending on July 31, and 12 times expected 1985-86 earnings of around A$92m. Bond paid 18 times historic earnings for Swan Breweries.

Mr Lloyd Zampatti, managing director of Castlemaine, yesterday described the offer as being "nowhere near an adequate price," but said a full bid was preferable to a partial one.

Mr Zampatti and Mr Alan Bond, the Bond Corporation chairman, met in Brisbane earlier this week, although Mr Zampatti moved to quell the suggestion in Bond's announcement that the offer had Castlemaine's blessing.

Bond already owns the Swan Brewery in Perth, which has a little more than 10 per cent of the national beer market, while Castlemaine's Sydney and Brisbane breweries give it a touch over 30 per cent.

Castlemaine is 25 per cent owned by Allied Lyons of the UK and full success for Bond would require its agreement.

Crucially for the four banks which will fund the deal—Hongkong and Shanghai, Standard Chartered, State Bank of NSW and Bank of Tokyo's Australian arm—it represents a multiple of only seven times likely gross cash-flow before tax and depreciation of A$155m for the latest year, and five-and-a-half times the A$200m projected for 1985-1986.

It is because of this powerful *cash-flow—and the direct access* Bond would gain from taking 100 per cent control—that the A$210m capitalised Bond can contemplate the bold takeover. Castlemaine has almost no debt.

Coming year pre-tax profits of Castlemaine, for example, could support borrowings of A$1.17bn at a 14.5 per cent interest rate. Bond is likely to provide around A$200m from its own funds—and probably has laid out this much acquiring its current 18 per cent stake—so borrowings at the current offer price would be some A$900m, absorbing A$130m a year.

Less than 100 per cent ownership would be likely to force Bond to sell its Swan Brewery, which is worth between A$300m and an optimistic A$450m, to Castlemaine to defray part of the acquisition costs.

Pertamina confirms closure

BY KIERAN COOKE IN JAKARTA

PERTAMINA, Indonesia's state oil company, is continuing to have problems with its refining operations. The company says its refinery at Balikpapan, in east Kalimantan, has been shut for a month because of problems with the vacuum unit.

However, other reports say that Balikpapan, which has a refining capacity of 275,000 barrels a day, has been out of operation for up to three months. The Total group of France, which supplies much of the crude to the Balikpapan refinery from nearby oil fields, is said to have been exporting its excess production to its home market.

Balikpapan is one of three major refineries to come on stream in the last 18 months — aimed at making Indonesia self sufficient in refined products. *But there have been* problems not only at Balikpapan, but also at the Cilacap refinery in central Java and the Dumai installation in Sumatra.

Indonesia—South East Asia's major oil producer—is still forced to import more than 60,000 b/d.

Blue Circle sales decline

By Jim Jones in Johannesburg

BLUE CIRCLE, the South African cement and engineering group, was badly hit in the first half of the year by significantly reduced sales of cement, building stone, sand and ready-mixed concrete.

Nevertheless, the interim trading surplus increased because of the consolidation for the first time of wholly-owned D. and H. Materials. The trading surplus was R30.1m ($15.8m) in the seven months to June against R19.1m in the six months ended May 1984 and R46.9m in the financial year to November 1984.

Cement sales were 22 per cent lower than in the corresponding year-ago period and there was a 30 per cent decline in the markets for building stone, sand and ready-mixed concrete.

Increased depreciation and finance charges combined to cut the interim pre-tax profit to R3m from R5.4m. Per share earnings dropped to 20.8 cents from 25.2 cents and the interim dividend has been maintained unchanged at 11 cents.

Profits up at Bank of East Asia

HONG KONG—Bank of East Asia expects to report a 12 per cent growth in earnings for 1985, together with a 10 per cent dividend increase, according to Mr David Li, an executive director.

Last year a net profit of HK$142.19m (U.S.$19.2m) and total dividends of 70 cents were reported.

The bank also announced yesterday that its profits for the six months to June 30 had increased by 12 per cent to HK$55.3m from HK$49.4m in the same 1984 period. It will pay an increased interim dividend of 25 cents per share against 23 cents in 1984.

Mr Li said higher profits in the first half of 1985 mainly reflected strong gains from retail banking operations.

Tokyo boost for futures trading in Asia

BY CHRIS SHERWELL IN SINGAPORE

THE START of yen bond futures trading in Tokyo in October, together with an end-of-year tarket for financial futures trading in Hong Kong, promise further advances for the futures business in Asia, Mr William Brodsky, president and chief executive of the Chicago Mercantile Exchange, said in Singapore this week.

Mr Brodsky was in the island state to meet officials and see the 10-month-old Singapore International Monetary Exchange (Simex), with which the CME has a unique trading link. He had previously visited Hong Kong and Tokyo.

"Three new centres of futures trading in Asia, all in effectively the same time zone and offering different contracts—that's good for the futures business and good for Singapore," Mr Brodsky said.

Simex itself is due to introduce its fifth contract, a stock index future based on the Nikkei average of 225 Tokyo stocks, by the middle of next year. Mr Brodsky reckons early interest will come from managers of funds outside Singapore interested in Japanese equities.

He believes the success of the other Singapore contracts—covering interest rates, gold and foreign currencies—has encouraged a regional acceptance of futures in Hong Kong, where plans for an exchange have been held up, and in Tokyo, where there has been official resistance.

MINING NEWS IN BRIEF

Metana finds gold at W. Australia site

HIGH GRADE gold values have been encountered by Metana Minerals in shallow drilling at its North Morning Star leases at Mount Magnet in Western Australia. The best intersections were a rich 316.18 grammes of gold per tonne, 72.69 g/t and 47.66 g/t all over widths of 6 metres. There was also a value of 37.1 g/t over 9 metres.

Metana says the results indicate that an open-cut mining operation is likely.

● The South African Gencor group's Trans-Natal Coal Corporation is raising its final dividend for the year to June 30 to 35 cents (25 U.S. cents), bringing the total for the year to 65 cents against 60 cents for 1983-84.

● Recovery continues at the Rio Tinto-Zinc group'c Canadian Lornex Mining. The copper-molybdenum producer in British Columbia reports second quarter earnings of C$7.26m (U.S.$5.37m) bringing the half-year total to C$12.53m compared with a loss of C$1.94m in the same period of last year.

The improvement reflects increased production of copper, coal and molybdenum coupled with higher prices for molybdenum and lower interest costs.

● The Canadian Cominco's 62.5 per cent-owned Vestgron Mines, which operates the Arctic lead-zinc-silver Black Angel mine in Greenland, reports first-half earnings of C$200,000 (US$148,000), or 4 cents per share. This compares with a loss of C$2.8m in the same period of last year.

During the second quarter of this year there was a shipment of 40,800 tonnes of zinc concentrates and 7,600 tonnes of lead concentrates. A year ago scheduled shipment of 36,600 tonnes of zinc concentrates and 14,400 tonnes of lead concentrates was delayed until the first week of July by adverse ice conditions. Vestgron has declared a dividend of 15 cents, payable on August 29.

● Corporation Falconbridge Copper, part of Canada's Falconbridge group, has completed an underground exploration programme at its Winston Lake property near Schreiber, northwestern Ontario, and estimates ore reserves at 2.17m tonnes grading 1.1 per cent copper and 18 per cent zinc, with 38 grammes of silver and 1.14m gold per tonne.

Falconbridge estimates reserves at 930,000 tonnes grading 0.8 per cent copper and 11.6 per cent zinc, with 24 grammes silver and 0.84 grammes gold per tonne. Feasibility studies should be completed by mid-September.

Company Notices

SWEDISH 40 YEAR NOTE TRUST

Notice is hereby given that the Trust Deed dated 29th June, 1984 has been amended by the insertion of an additional Clause as follows:-

"3A. Exchange of Income Certificates for Notes

(A) On or before 5th August in any Relevant Year any Certificateholder may give notice to the Trustee in the form from time to time prescribed by it (an "Exchange Notice") that he wishes to deliver to or to the order of the Trustee a number of Income Certificates specified in the Exchange Notice (in multiples of 50) to be exchanged for Notes. Any Exchange Notice shall be irrevocable without the consent of the Trustee. On or before the Payment Date falling in September in the Relevant Year in which the Exchange Notice was delivered, the relevant Certificateholder shall deliver or procure the delivery of the Income Certificates comprised in the Exchange Notice to or to the order of the Trustee. Any Bearer Income Certificate so delivered shall have attached thereto all Coupons in respect of payment dates after the date of such delivery.

(B) Against receipt of Income Certificates so delivered, the Trustee shall deliver to or to the order of the relevant Certificateholder one Note for every 50 Income Certificates so delivered. Any such Note (if in bearer form) shall have attached thereto coupons in respect of all interest Payment Dates after the date of delivery of the Income Certificates so delivered.

(C) The Trustee shall procure that all Income Certificates so delivered and any Coupons attached thereto or surrendered therewith are cancelled and destroyed. No such Income Certificate shall be available for re-issue.

(D) For the purposes of this Clause, the expression "Relevant Year" shall mean 1985 and such other year or years as the Trustee shall notify to the Certificateholders in accordance with the Fiscal Agency Agreement not later than 25th July in the Relevant Year."

Copies of the Trust Deed dated 29th June, 1984 and of the Supplemental Trust Deed dated 24th July, 1985 may be inspected at the offices of [illegible] & Paisner, Barrington House, 59-67 Gresham Street, London EC2V 7DH and at the offices of the Paying Agents. The Trustee has prescribed the following form of Exchange Notice:-

EXCHANGE NOTICE

To. Barfield 40 Year Trust Limited
P.O. Box 71, Barfield House,
St. Julian's Avenue, St. Peter Port,
GUERNSEY, Channel Islands
Telex Number. 4191606

Dear Sirs,

Swedish 40 Year Note Trust

I/we wish to exchange [ ] Income Certificates for Kingdom of Sweden Floating Rate Notes Due 2024 (the "Notes") in accordance with Clause 3A of the Trust Deed, as amended. I/we will arrange for such Income Certificates to be delivered to your account at Euro-clear (No. 687 94669) on 25th September, 1985. Please ensure that on receipt of the Income Certificates the relevant Notes are released and delivered to my/our account at [Euro-clear] [CEDEL] (No.) on the same date.

Yours faithfully,

BARFIELD 40 YEAR TRUST LIMITED
as Trustee, Swedish 40 Year Note Trust

IU INTERNATIONAL CAPITAL CORPORATION N.V.

U.S.$85,000,000 RETRACTABLE FLOATING RATE NOTES DUE 1992

NOTICE IS HEREBY GIVEN that for the Interest Period commencing July 29, 1985 the Notes will bear interest at the rate of $8^{11}/_{16}$% per annum. The interest payable on October 29, 1985 against Coupon No. 4 will be U.S.$222.01 per U.S.$10,000 Note.

Agent Bank
ORION ROYAL BANK LTD.

OLD COURT DOLLAR COMMODITY TRUST (CDRs)

The undersigned announces that the Report for the year ended 20th April 1985 of Old Court Dollar Commodity Trust will be available in Amsterdam at:

Pierson, Heldring & Pierson N.V.
Algemene Bank Nederland N.V.
Amsterdam-Rotterdam Bank N.V.
Bank Mees & Hope N.V.
Kas-Associatie N.V.

Amsterdam, 22nd July 1985

AMSTERDAM DEPOSITARY COMPANY N.V.

INTL. COMPANIES & FINANCE

Cold Storage takes a gamble on Singapore supermarkets

BY CHRIS SHERWELL IN SINGAPORE

BOB BORTON heads an unusual company as far as Singapore businesses go: its full title is "Cold Storage Holdings plc." Why plc? "Because we did a Jardines in 1963," says Mr Barton laconically—an allusion to last year's controversial move of the Hong Kong company's domicile to Bermuda.

A food manufacturer, wholesaler and distributor set up in the island state in 1903, Cold Storage became worried about Singapore's entry into the Malaysian federation in 1963 and decided to shift its place of incorporation to London. Though it happily escaped any "tax haven" accusation, the holding company ended up with a "plc" handle.

Cold Storage was in the news last month for its S$21m (U.S.$9.5m) cash purchase of the Fitzpatrick's warehouse, supermarket and pharmacy chain in Singapore. The purchase, from Dairy Farm, a subsidiary of Hongkong Land, has made the company—long a household name—one of the most powerful forces in the local grocery market.

For Hongkong Land, the move was in line with a strategy of selling "non-core businesses": Fitzpatrick's was losing money hand-over-fist in Singapore. For Cold Storage, however, the purchase looked to some like a potentially costly gamble, because the country's whole retail sector is in slump and the price tag seemed too high.

Mr Barton, a Briton who has spent 17 of the past 25 years in Singapore and another couple in Malaysia, rejects the assertion. 'We've acquired a bigger warehouse than the one we have now. Even if the retail business is worth little, the cost of building the warehouse and supermarket outlets comes to around what we paid. At the same time we're putting out the main competition and adding to our own power in the market."

Cold Storage was originally the brainchild of a British businessman who saw a market in perishables in sweltering, equatorial Singapore. Over the decades it became a familiar name among expatriates and better-off local families, and built up large interests in the manufacture, distribution and sale of food in Singapore and Malaysia.

Control of the company lies with two principal Australian shareholders each linked to the Earl of Portarlington, a descendant of the original founder who lives in Australia. Queensland Trading and Holding Company, a public company, owns 34.2 per cent, while 17.1 per cent is in the hands of Australian and Oriental Trading, a private company.

The Australian connection and domicile question aside, Cold Storage is very much a Singaporean company. It has a Singaporean chairman, 49 per cent of its shares are traded in Singapore and Kuala Lumpur, it has few expatriate employees and no overseas parent. "We don't even keep a telephone in London," says Mr Barton.

In Singapore Cold Storage's main thrust has been in trading — supplying ships and offshore rigs, exporting to places like Sri Lanka and Bangladesh and serving the three supermarket outlets which are the company's most visible manifestation in the island state.

Its main manufacturing activities have become concentrated in Malaysia, where it makes ice, ice cream, margarine and paper-packeted drinks and also processes meat. Well-known brand-names such as Magnolia and SCS are part of the Cold Storage operation, and it has others, like Plumrose, under licence.

The Fitzpatrick's deal is only the most recent of a number of important moves since Mr Barton became chief executive in late 1983:

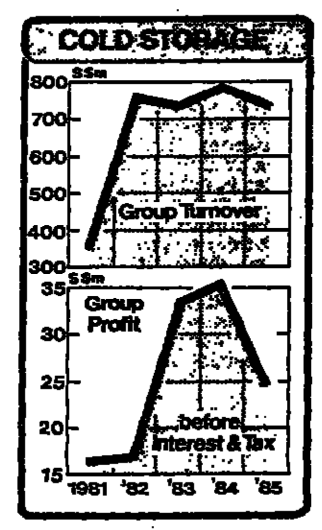
● In Malaysia, two subsidiaries — Cold Storage Malaysia and Fima . Supermarkets — were merged and just under 30 per cent of the enlarged company was sold to Pradaz, a private company then controlled by Mr Daim Zainuddin, who became Finance Minister last year.

The move left Cold Storage with 42.12 per cent of Cold Storage Malaysia, while another Malaysian company, Kumpulan Fima, which had been the local partner in Fima Supermarkets, ended up with 10 per cent. Then in April this year, Raleigh Cycles, another Malaysian company previously controlled by Mr Daim, made a M$200m bid for Cold Storage Malaysia and successfully secured 36.9 per cent of the company. These relationships must now be "bedded down," says Mr Barton.

● In Australia, Cold Storage last year accepted a A$20m (U.S.$14.3m) offer for Foodland Holdings, the company's wholly-owned subsidiary in Victoria which it had taken over only a few years earlier. It also sold out its interest in Safcol Holdings to one of its local partners for A$4m.

The disposals unexpectedly halted Cold Storage's rather uncertain expansion efforts in Australia. "We weren't looking for buyers," says Mr Barton, "but we weren't sure of our success."

● In Singapore, the slump in the retail sector forced Cold Storage to close down a new department store in the suburb of Katong and to sublet the space at an even lower rental. On top of this the first full year's business at its sparkling new Centrepoint shopping centre in Orchard Road produced lower income than forecast, while the company's offshore business was hit by a fall-off in the shipping and oil-rig sectors.



For the year to January, the company slipped into the red at pre-tax level on its Singapore operations, despite higher turnover. There was a decrease in group turnover to S$744m and a sharp fall in pre-tax profits from S$32.8m to S$21.5m. But the sale of investments, including those in Australia, pushed extraordinary items up to S$11.1m from S$1.1m, and this produced an increase in attributable profit compared with the previous year.

Just as the Malaysian restructuring and Australian disposals substantially altered last year's balance sheet and profit-and-loss accounts, so the Fitzpatrick's purchase might be expected to change this year's picture.

Mr Barton, however, has already made the decision to close down two of the eight Fitzpatrick's outlets and another two are deemed marginal. He calculates that the remainder will make a positive contribution to profits within 12 months and will not be a drain on the current year's profits.

The deal can also be expected to alter the grocery sector of Singapore's retail market significantly, making it "more interesting and more orderly," according to another food manufacturer. Mr Barton wants to give the new outlets a clearer identity in the market, something Fitzpatrick's failed to achieve.

"It wasn't so much that they were badly run," he says. "They just expanded too fast and lost their way. They weren't sure of their position or identity. With the Promenade building on Orchard Road (not part of the Cold Storage deal) they got into property at the wrong moment and when the downturn came the interest burden was too great and resources became stretched."

The effect of the deal is to make Cold Storage by far the most potent force in the local grocery market, with the nearest competition coming from Japanese stores.

This will be reinforced by developments involving its associate in Malaysia, which has a joint venture with Jusco, the third largest Japanese retailer. One "superstore" was opened earlier this year in one of Kuala Lumpur's newest and most prestigious buildings, and a second is scheduled to start in October.

Elsewhere, Cold Storage is looking less to other South East Asian countries than to China, from which the company already buys fruit and vegetables. Mr Barton refuses to go into details, except to say — as many other businessmen do these days — that it is an opportunity both for Cold Storage and for Singapore.

As for the domicile question, there is a snag in moving back to Singapore: UK legislation freezes a company's reserves if it transfers domicile. The London link is a curiosity, not a day-to-day problem. "Singapore is home," says Mr Barton.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Report from the front line

Confidence gets a boost

The finance director of a medium-sized engineering company in North West England relates his experiences of secondment in West Germany

"ZURUCK von dem abgrund" is, I am reliably informed, German for "back from the brink." It is a phrase not widely used in West Germany. The areas of industrial dereliction sadly common in the North West of England are singularly absent in the Ruhr or the Frankfurt industrial area.

Nevertheless, the efficient Germans can on occasion make a mess of running industrial organisations—a fact which should be cheering to managers in British manufacturing companies. After all the self-doubt of recent years, being seconded to help solve some of the problems in a West German organisation is an excellent boost to confidence.

Anyone who has worked in a manufacturing company in the UK will notice immediately that the West Germans take industry seriously. National attitudes tend to show through on many occasions. Some 20 or so years ago, so legend has it, only the eccentrics and second rate went into industry in the UK. This seems never to have been the case in Germany. Senior managers are usually well qualified and highly paid — annual gross pay of a senior financial accountant, for example, is likely to be between DM 120,000 (£30,000) and DM 160,000 in the Ruhr. Pay and status go together.

The local town and state authorities show considerable concern for industry and the jobs it provides. Any possibility that some employment will be lost or every factory closed produces the local Burgermeister, in his BMW 500, with offers of help. The imminent closure of our factories four years ago brought a demand from our local authority for increased rates and a threat to take legal action when we did not pay on time. Until we have positive discrimination in favour of industry in the UK, on at least the German scale, then it is likely that our industrial decline will go on, not even stabilising at current levels.

The banks too have a positive attitude towards industry in Germany, practically queuing up to lend money at 7½ per cent. Our main competitor in West Germany has ten robotic manufacturing cells in operation now. If our engineers work at it, we might have five by the end of the year.

We will have struggled hard to generate our own cost and profit so that we can invest. The Germans will have gone to their user-friendly bank for a cheap loan. We treat cash as if it was our own money that is at risk. The West Germans, having historically generated more cash than their UK counterparts, appear to have a different view, treating investment as if it is essential, and a necessary risk.

Engineering, rather than basic management is well regarded in Germany. For a nation which gave the world Kant and Hegel, management philosophy is not much in evidence. "Vorsprung durch technik" — as Audi's UK television ads put it—may get you to the Spanish beaches ahead of the Mullers; it might also have a major influence on achieving worldwide success, without the need for management theory as such.

Some of the more successful companies in the UK — BTR, Hanson Trust, even, perhaps, GEC, seem, like us, to have gained improvements in performance far more by using tough financial controls than by deploying out and out engineering skills. The hard uncompromising approach to contain irrelevant spending and the search for high contribution business, is not always obvious in West Germany. What both countries need is a marriage of technical / engineering competence with rigorous financial monitoring. The financially trained engineer, or conversely the accountant with a deep appreciation of engineering, might yet save us all.

What the West Germans seem to show is that it is not what is made that is important but how it is made. If the pessimists are right and in 10 years' time the only major car assembly plant left in Western Europe will be in West Germany—possibly Wolfsburg and Stuttgart—it will prove that making comparatively simple things well, can still beat Far Eastern competition.

The British are still searching for some panacea which will rebuild their industrial base. Currently they have chosen "high technology" as the way in which major improvements can be made. This will not bring inevitable success as, sadly, Sir Clive Sinclair has shown. There is no alternative to good industrial management. A high technology product company can fail just as badly as a smoke stack organisation if basic management tenets are ignored. It is not high technology products we have to make, but products using high technology and good management.

"What the UK and West Germany need is a marriage of technical/ engineering competence with rigorous financial monitoring."

Compared with British gross monthly pay, in manufacturing industry the average West German now gets 31 per cent more (DM 2,113 in the UK; DM 2,763 in West Germany). Comparing standards of living is more difficult, but our shop steward would be very impressed with the quality of cars in the factory car parks.

When people actually work, there appears to be little difference in effort between the two nationalities, but where the Germans gain is in working their full shift. In the UK our incentive schemes are still such that they motivate for only a major part of a shift. Once sufficient bonus has been earned, our shopfloor workers still prefer to go off to a smoking station and chat and drink tea. Despite much discussion and a considerable increase in communication at all levels, we have still not found an acceptable incentive which will ensure that *full shifts* are worked and no one slackens off because he has achieved his "point hour."

The West Germans are more formal in their relationships between management and workers. We could learn from their more structured approach to industrial relations. A little more formality to add to the major improvements in communication we have installed recently would not go amiss.

The German shopfloor is cleaner, work is stacked more neatly, avoidable rejects are lower and far fewer full frontal nudes can be seen than we have dotted around our production and warehouse facilities. There is a degree of pride in the job being done and perhaps in the company generally which we have failed to generate, though we could be getting better at it. Being successful as a company and perhaps as a nation helps.

Pride, too, is a positive element in management. "We are the foremost exporting nation in the world" was one comment made very early in an acquaintance. True or not, a substantial part of our associate company's production is exported —not to the comparatively soft options of ex-Empire countries where English of a kind is still spoken, but to the harder areas of South East Asia and South America. We export, but not joyfully and certainly not the proportions of our total output that the Germans do—though our export people have a legitimate complaint about exchange rates.

In 1980 the dollar was around DM 2.40 to the £. Earlier this year, there was near parity. While this is an exceptional case, the Deutsche Mark has also swung wildly in the same period. This, our export management says, is no basis for an export strategy. Trying to monitor mix, price and productivity variances from plans when the exchange rate fluctuates so much is difficult. Is it impossible to have an exchange rate policy which is comparatively stable but compensates for differential inflation rates? Otherwise our hard earned productivity gains could be tossed away overnight.

As a proportion of revenue earned, our associates and competitors in West Germany appear to spend more on R&D than we do. A true comparison is not entirely possible because of the difference in definition. For example, we exclude quality control activities, while some German companies include them. Even so, in one case the Germans seem to be spending nearly twice as much as we are on "R&D". What is less certain is that value is obtained for the money spent.

We have developed a tough ranking method for R&D projects where the likely cost we will incur is matched against the contribution the project is likely to yield. Again the West Germans do not seem to have the same financially rigorous planning and control systems, but if throwing money at problems will eventually solve them then their attitudes have advantages. They also have the saving grace of absolute attention to detail, a highly desirable trait, which we find irksome even in our accounting practices.

On an admittedly small sample, it is difficult to believe that West German management is anything like a quantum leap better than we are. It is not. In terms of will, knowledge and intelligence, we are equal, if not now better.

What the West Germans do *have, however, is the benefit of* national economic and social institutions and associated policies which positively help industry. We struggle on despite the lack of such support and indeed perhaps the hindrance of our educational and even banking systems. We can only envy the national culture that the West Germans have managed to generate, whether it is in attitudes towards apprentices or training or using universities (like Aachen) to carry out consultancy work or the general feeling that buying German-made goods is best. Then we do have other advantages.

The harrowing experience of forcing through major redundancies has not been part of the recent experience of German managers. Managers in the UK who have survived are a little like officers in battered armies who have retreated for hundreds of miles. Compared with the Germans we husband our resources. We tend to think tactically rather than strategically. Defence rather than offence is the attitude which comes most naturally.

The West German industrial manager has had 30 years of almost uninterrupted success. The oil crisis in the early 1970s was a problem but nothing to compare with the economic stop-go policies of the UK, the aggressive recalcitrance of some trade unions and the apparent indifference of the majority of the nation to industry. So it is perhaps consoling to the beleaguered British manager that once disaster strikes in West Germany management tends to be more nonplussed than it would be in the UK. At a time of tremendous economic and technological change, our experiences may ensure that we can still win a few battles.

Competitive strategy

IT changes the rules of the game

FROM airlines to cars, and banking to heavy engineering, Information Technology is changing the competitive position of individual companies and entire industries. But most managers do not know how to exploit the dreaded "IT" to their companies' best advantage.

To provide guidance, Michael Porter and Victor Millar, two leading American experts in their fields (competitive strategy and management accounting, respectively) have written a terse 12-page analysis of the ways that IT is affecting the business world, and of what executives can do about it.*

The information revolution is changing the rules of competition in three basic ways, they argue:

● It shifts industry structure and, in so doing, alters the rules of competition;

● It is an increasingly important lever that companies can use to create competitive advantage over their rivals;

● It spawns completely new businesses.

Assessing the impact of IT on industry structure, Porter and Millar spotlight five competitive forces: the power of buyers, the power of suppliers, the threat of new entrants, the threat of substitute products, and rivalry among existing competitors.

Information technology can alter each of these forces, and the balance between them.

One facet of IT's impact on purchasing and supply is the spread of information systems linking buyer and seller. Xerox uses electronic data links with its suppliers to help them deliver materials, for instance, while companies such as American Hospital Supply have furnished their customers with terminals.

Another example of IT's impact on industry structure, say Porter and Millar, is that systems requiring large investments in complex software have raised the barriers to entry into that business. An obvious case is of banks competing in cash management services for corporate clients, who now need advanced software to give customers on-line information.

In manufacturing, too, IT has changed the rules. Flexible computer-aided design and manufacturing systems have increased the competitive threat in many industries by making it quicker, easier and cheaper to incorporate enhanced features into products.

The same applies to services. The two authors point to the way information systems now permit the airline industry to alter fares frequently and to charge many different rates between any two points. At the same time, the technology makes flight and fare schedules more readily available and allows travel agents and individuals to shop around quickly for the lowest fare. The result is a lower fare structure than might otherwise exist.

And so the catalogue of IT's effects, positive and negative, continues. To the company befuddled by it all, Porter and Millar advise several pactical steps. They include:

Boundaries

● Assess the existing and potential information intensity of the company's various products and processes.

● Determine the likely impact of IT on the industry's structure, by examining how it might affect each of the five competitive forces. "Not only is each force likely to change, but industry boundaries may change as well." Among the pioneers who have used IT to change the shape of their industries, say the authors, are Citibank, American Airlines and USA Today, the American national newspaper group.

● Identify and rank the ways that IT might create competitive advantage. Among the many questions to be asked under this heading are: Can IT help the company serve new market segments? Will the flexibility of IT allow broadline competitors to invade areas that were once the province of niche competitors? And so on.

Companies which anticipate the power of IT will be in control of events, Porter and Miller conclude. The rest will be followers, forced to accept changes that others dictate, *and suffering a definite competitive disadvantage.*

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Christopher Lorenz

TECHNOLOGY

EDITED BY ALAN CANE

Sira wins £1m space contract

SIRA, the British research company, has won a £1m contract from the European Space Agency (ESA) to design and build an experiment to study how primitive life forms behave in space.

The experiment, called the Exobiology Radiation Assembly, will be carried out on board the agency's European Retrievable Carrier, which is due to be launched by the U.S. space shuttle at the beginning of 1988 and recovered six months later.

The Sira equipment will house up to 2,400 sealed samples including spores, seeds and eggs which will be exposed to selected parts of the solar radiation spectrum for predetermined times and levels of radiation.

Scientists will obtain comprehensive data on how microgravity and solar radiation affect simple biological cell structures, testing the theory that simple cellular material can enter the earth's atmosphere after long periods in space.

After the shuttle transports the carrier into an orbit of 300 km, the on-board propulsion unit will lift it into a higher orbit (above 500 km) where there is clear exposure to solar radiation and very little gravity.

Once in operational orbit, the experiment will be switched on and operated by remote control.

How to foil a problem of corrosion in transit

Polythene wrapping may look watertight, but it lets in vapour. One answer is to use barrier foil, reports Ian Hamilton Fazey

A LARGE British electronics company had to write off a £1.2m export order to Italy last year because of corrosion in transit that was worsened by the heavy-duty polythene packaging.

Fortunately for supplier and customer, one of the Italian managers had his home video camera in his car and was able to record the full horror story for the insurance claim when the sealed packing cases were opened.

The video has now been lent to a Manchester packaging company and is being used to promote new packaging technology aimed at solving the corrosion problem. The insurance industry is taking an intense interest in it.

So is the electronics company, which agreed to release the video provided its name was kept quiet. It has now switched to the new technology, which has involved Anglo - French development of heavy - duty barrier foils called Seet.

The problem with polythene —currently the workhorse of the packaging industry—is that although it keeps out water in liquid form, water vapour can pass through it. A typical transmission rate is 4 grammes per sq metre per day. Large quantities of expensive desiccant are used inside the packaging to combat this, but often fail.

Apart from water vapour corrosion, other damage arises from its condensation, particularly in electronic circuitry, and from moulds and fungus which may grow when damp goods are transported through hot climates.

Damage has also been caused by corrosive gases emitted by the outer wooden packing case seeping through the polythene. The gases often form if the original wood has undergone accelerated seasoning and drying in ovens.

In some areas, such as Latin America, termite damage is a special problem. The insects eat through polythene and, once inside, find even more delectable delights in PVC and other plastics. This usually wrecks electrical systems if nothing else.

The barrier foil solves these problems by using a bonded sandwich of materials. The "meat" in the sandwich is aluminium foil, which is almost impervious to water vapour and corrosive gases and so reflective that temperature remains reasonably stable within the pack.

The outer layer of the sandwich is of polyester, propylene or polyamide to provide tensile strength, anti-tear qualities and abrasion-resistance. The inside layer is of polythene, polypropylene or valeron so that heat sealing can be done as standard. Some barrier foils have a fourth layer—between the aluminium and inner plies—to provide additional strength.

The material is not a laminate —where the layers might unstick *in extreme conditions*— but an extrusion. The layers come together with the plastic inner and outer ones in liquid form. They solidify as the material is pulled down the line.

Although this process makes Seet between two and five times as expensive as polythene, depending on the complexity of the sandwich, its water vapour transmission rate is only 0.1 grammes per sq metre per day. In practice this usually means a saving of about 95 per cent on desiccant. Based on a typical storage time for the packed item of one year, the cost of using barrier foil works out 29 per cent cheaper than polythene.

Lightweight barrier foils have been used in the food industry for some time — dry roasted peanuts would go soggy in days in conventional plastic bags — but their heavy industrial use is still in its infancy. Seet, which is claimed to be the most effective product to date, has been developed by a French chemist, M Bernard Bizot, *and gets its name from* his company, Societe Etoile Etutiades Techniques of Compiegne.

He started making Seet in large rolls five years ago and decided he needed a British agent for exports. The French consul in Manchester introduced him to Mr Barrie Chapman, managing director of John S. Bass and Co, a 147-year-old export packing company.

Mr Chapman has since set up a division of Bass to act as the product's development arm, designing ways to use it more easily. This has led to ranges of bags, envelopes and sheets in which anything can be packed, from small postal packages to army battle tanks. The latter development is likely to prove very important for the corrosion-free transport or storage of expensive military equipment.

Bass also sells Seet products *to other export packers. With* Seet sales taking off rapidly—turnover has doubled every year for the last four years and year-to-date sales are 127 per cent up on the same period of 1984—Mr Chapman and M Bizot are now planning a joint company to deal with it exclusively.

One of the latest uses for the material is for BP's core samples. These have usually been packed in expensive tins. Tests have shown that bags made from barrier foil do a better job and the empties take up only a fraction of the storage space on drilling rigs.

Other big-name users include Rolls-Royce, Plessey, Ferranti, Mobil, GEC, BICC, British Nuclear Fuels, IBM and British Aerospace. The Royal Botanical Gardens at Kew has discovered their value in transporting seeds and seedlings. The wings of the European Airbus are now packed in huge Seet bags for their journey from Broughton, near Chester, to France.

Two factors are likely to lead to even greater sales growth in the next few years. The first is that the Ministry of Defence is now on the verge of raising its packaging standards after exhaustive testing of Seet. These have traditionally set the standard for the world and change is bound to increase demand for barrier foils.

The second factor is specification of barrier foils for packaging by insurers. Mr Peter Dawson of Phoenix Assurance's Liverpool office led a visit to Bass's factory by members of *the Marine Insurance Association.*

He says: "We all learnt something. Speaking personally, I was very impressed. It is important that underwriters and loss adjusters should know about this material."

London seminars for the insurance industry are now being planned.

A technician encapsulates hybridoma cells using the Encapcel process

Antibody factory will help fight cancer

A UNIQUE technology for separating the high-value products of biotechnology from the "broth" in which they are cultivated lies at the heart of the £30m investment at Livingston, Scotland, announced earlier this week.

It is the first of several major American biotechnology ventures the Biotechnology Unit of the Department of Trade and Industry is hoping to attract to Britain, not least because of the country's strong research base in biotechnology.

The Scottish project, expected to create 300 jobs over the next four years, aims to provide Damon Biotech of Needham Heights, Massachusetts, with a factory supplying the world market with monoclonal antibodies.

Damon, a biotechnology venture begun in 1981, is specialising in healthcare products based on monoclonal antibodies, especially for the diagnosis and treatment of cancers. The crux *of its activities* is its Encapsel process of micro-encapsulation, in which the monoclonal antibodies are cultured inside minuscule cell-like sacs which permit the access of the nutrient broth and the exit of metabolic wastes.

But the microcapsules isolate the antibodies from most of the impurities, greatly simplifying the downstream stages of separation and purification. The technology allows large quantities — many kilograms — of antibodies to be cultured in small vessels. As much as 5-10 grams of pure monoclonal antibody are needed per patient for the treatment of some cancers. This material must be free from all animal products, culture medium constituents, and contaminating viruses.

Damon demonstrated in 1981 that this could be done by micro-encapsulation. This is a patented process of which it reveals little beyond the fact that it wraps live cells in a gel, coats the gel spheres with polymer, then dissolves out the gel.

Within the porous polymer sacs the antibodies grow to densities much greater than is possible for free-swimming cells, the company claims. Other benefits are that, when harvested, the antibodies are 40-70 per cent pure and can easily be raised to 95 per cent purity without lessening the efficacy of the agent.

Damon has also striven to raise productivity. Where in 1982 a typical cultivation yielded 0.1 gram per litre of capsules, by 1984 the yield had reached 10 grams per litre and was still rising.

At its latest $4m cell culture facility at Needham Heights, where production began last July, the bio-reactors are of 50-100 litres capacity, designed specifically for the Encapsel process. A 50-litre bio-reactor makes up to 20 grams of mono clonal antibody every three weeks.

Damon claims it can culture any monoclonal antibody this way. Its encapsulation technique has also been applied to pancreatice cells.

In October 1984 Damon acquired 80 per cent of a Californian company, Biotherapy Systems, which is developing a new way of treating B-cell lymphoma, a pervasive cancer believed to afflict about 180,000 people in Europe, with 40,000 new patients a year. The therapy involves making a monoclonal antibody specifically tailored to each individual patient. Each patient is expected to need 5-10 grams—hence the importance of a high-productivity method of making the antibody.

The Livingston factory, for which a consortium of financial interests led by Advent have put up the cash, will have 10 times the capacity of Damon's U.S. factory.

DAVID FISHLOCK

Comeback for coal as rail fuel

THE PROSPECTS of burning a coal-in-water slurry in big diesel engines are to be examined by GE (U.S.) in a £2m feasibility study partly *funded by the U.S. Department of Energy.*

The GE researchers will develop special fuel injectors and conduct combustion tests. They will also analyse the economics of using slurry-fuelled diesel-electric locomotives. The U.S. railways are currently spending $3bn to $4bn a year on diesel fuel; *coal is considerably cheaper* per unit of energy.

But there are several problems. The engine's injectors have a harder time atomising coal fuel and there are combustion problems created by water in fuel.

Coal also is abrasive, producing accelerated wear on metal parts. In addition, the *fuel has to be constantly* agitated to keep the finely-ground coal particles in suspension.

Robots for U.S. TV tube plant

FAIREY AUTOMATION, part of the Pearson group, is supplying eight of its overhead gantry robots, with control systems, to an RCA television tube factory in the U.S.

The robots will form part of an integrated system that will automate the handling of glass TV tube faceplates through a series of lapping operations. The system has been designed and installed by Optimation Systems of Ohio.

The robots serve three identical pairs of glass lapping machines in a system 30 yards long with 650 electrical inputs and outputs. Overall control is by a Modicon 584 programmed logic controller.

City lops £192m off ICI value

NEARLY £192m was wiped off Imperial Chemical Industries' market value yesterday following the announcement of interim figures considerably below City expectations.

At £535m pre-tax, the result was £25m adrift of revised analysts' forecasts and only £3m above last year's comparable figure. The shares, a constituent of the FT 30-Share Index, were marked down 30p to 660p—a low for 1985 and well below the high of 880p—giving a capitalisation of £4.41bn.

Datastream yesterday calculated that £2.5bn was erased from the total stock market with £700m of the fall coming after ICI's announcement.

ICI, which became the first non-oil major to pass the £1bn profit barrier, says that despite a volume increase in chemical sales and some net gains from exchange movements in the first quarter, margins narrowed in many products.

Group chemical sales for the first six months of 1985 were £5.11bn, an increase of £827m. In addition to the volum increase which accounted for 7 per cent, 4 per cent of the rise came from acquisitions and 8 per cent stemmed from exchange gaine and price increases.

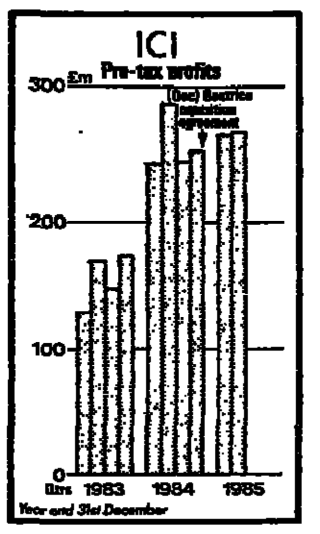
External oil sales were down £50m at £468m largely due to declining output from the Ninian field in the North Sea. Together with higher exploration expenditure this reduced oil profits by £22m to £37m, after provision for PRT of £78m (£74m).

Chemical sales in the second quarter amounted to £2.66bn, up by £198m, around half of the rise representing acquisition benefits.

Group profit before tax for the quarter was virtually static at £268m, against £267m.

Profits from oil fell by £7m to £15m, on sales down by £46m to £211m. ICI says sales volume in the chemical businesses, excluding growth through acquisitions, was 6 per cent above the previous quarter. But most of the improvement was eroded by the impact of the strengthening pound on sales income.

Within agriculture, first-half agrochemical turnover was £424m (£336m), generating profits of £70m (£51m). Turnover in the rest of agriculture was £641m (£574m) and profits were £68m (£81m).



In consumer and speciality products, pharmaceuticals sales amounted to £464m (£361m) and profits were £125m (£109m). Paint sales totalled £352m (£297m) and profits came to £24m (£22m).

The colours, polyurethanes and speciality chemicals sector (which contains the businesses recently acquired from Beatrice Companies Inc) recorded turnover of £707m (£484m) and profits of £37m (£19m).

On the industrial side, petrochemicals and plastics sales were up from £1.37bn to £1.51bn but profits declined by £20m to £52m.

Similarly, margins in general chemicals were squeezed and higher sales of £893m (£809m) produced lower profits of £75m (£79m), and fibre sales were £372m (£321m) with profits remaining static at £13m.

Industrial explosives turnover was £202m, a rise of £33m, and profits increased by £3m to £21m.

Earnings per share were reduced by 0.7p to 51.4p after a tax charge of £187m (£193m). Minorities accounted for £29m (£24m) and there were extraordinary debits this time of £26m (relating to restructuring in the colours and the chemicals business), leaving the attributable balance at £319m (£315m).

The interim dividend is being raised from 12p to 13p although expectations by the City were for a rise to 14p.

See Lex

Imps in HoJo talks again

By Martin Dickson

MARRIOTT, the large U.S. hotels group, said yesterday that it had reopened discussions with Imperial Group, the British tobacco and brewing conglomerate, about the possible purchase of Howard Johnson, Imperial's troubled American hotel and restaurant chain.

Marriott is acting in partnership in the negotiations with Prime Motor Inns, a smaller hotel chain. Early last month Marriott announced that it had "discontinued" talks with Imperial, but it gave no reason.

In recent months Imperial has held lengthy discussions with several possible buyers for Howard Johnson, which has performed poorly ever since it was acquired in 1980. The chain has long cast a shadow over the group's share price, which rose on yesterday's news, to close at 170p up 5p.

Neither side would elaborate last night on the substance of the discussions, but the indications were that Imperial was now talking to Marriott more seriously than any other possible buyer.

It is thought that Goldman Sachs, the New York investment bank retained by Imperial, originally hoped to obtain $450m for Howard Johnson, but the market believes a price of $350m to $400m is now more likely.

Imperial's interim figures, announced earlier this month, showed losses from Howard Johnson jumping to £8.6m from £2.8m.

Security Centres rejects £20m ASH bid offer

BY CHARLES BATCHELOR

Security Centres Holdings yesterday rejected a £20m all-share takeover bid from Automated Security (Holdings) (ASH), one of its rivals in the field of electronic burglar and fire alarms.

A successful takeover by ASH would extend that company's lead in the number of installed alarm systems. The combined group would have a total of 103,000 systems installed—85,000 by ASH and 18,000 by Security Centres.

ASH and Security Centres are currently engaged in a legal battle resulting from an earlier attempt to merge Security Centres' UK alarms business with that of ASH.

The two companies announced last November that ASH would pay up to £8.5m for Security Centres' UK alarms business. Within less than a month however Mr Brian O'Connor, Security Centres' chairman resigned, the company's share price plummeted from 230p to around 165p, and pressure from institutions forced Security Centres to pull out of the deal.

ASH yesterday unveiled an offer of five of its own shares for every six Security Centres' shares. ASH's shares fell 5p to 152p to value its offer at 126.7p per share. Security Centres' shares rose 13p to 115p, still 11.7p short of the bid level.

ASH is also offering a cash alternative, underwritten by its merchant bankers, Charterhouse Japhet, worth 112.5p for each Security Centres' share.

Mr Tom Buffet, ASH chairman, said: "We have pitched our offer on the generous side in the hope we will get a recommendation from their board."

Security Centres responded that the ASH bid was "opportunistic, unrealistic and unwelcome."

The ASH bid sent Security Centres looking for a merchant bank to advise it on its defence strategy. Mr Tom Farrell, chief executive, began a series of meetings with bankers yesterday to choose a successor to Aitken Hume, which withdrew a few months ago.

Security Centres increased pre-tax profits from £1.76m to £2.7m in the six months ended September 1984 on turnover which rose from £8.8m to £14.4m.

Security Centres' sale last month of its 32 per cent holding in its U.S. affiliate, the USM-quoted SCUSA, for £17.1m increased Security Centres' attractiveness to ASH. SCUSA had substantial debt obligations and its sale produced a large cash injection into Security Centres' balance sheet.

Important shareholders in Security Centres are Aitken Hume International, the banking and fund management group, with 10.1 per cent, and the Kuwait Investment Office with 14.67 per cent.

Celtic Haven down but optimistic

Celtic Haven, engineer, steel fabricator and plant hiring group, has announced pre-tax profits of £15,880 for the year to end-March 1985, against £235,302. Its continuing activities earned £72,604, and discontinued activities incurred losses of £56,724.

The directors are holding the final dividend at 0.5p net for an unchanged 0.75p total. Stated earnings per 5p share are shown down from 3.1p to 1.2p.

The group is currently trading profitably, the directors state, but it is impractical at present to forecast the amount of profits for the year. They anticipate a substantial increase and that the rate of dividends will not be less than in 1984-85.

Celtic Haven has reached agreement in principle for the acquisition of Grimsby Pipework and Engineering.

Hallite recovery gathers pace

THE RECOVERY continues at Hallite. Following the return to profit in the first half of 1984-85, the company, a manufacturer of synthetic rubber and plastic precision seals, has witnessed a full-year turnround of £794,000 to £701,000 pre-tax profits.

Shareholders are to receive a substantial increase in the final dividend, up from 4.75p to 6p for a total of 9p (7.75p).

The directors say that despite some physical disruption arising from the establishment of two business divisions at Hampton, which will have some effect on the early months of the current year, the value of outstanding orders is at a satisfactory level, and they view the full year with confidence.

Turnover for the 52 weeks to April 27 1985 rose from £13.3m to £16.61m, and produced operating profits of £1.11m against £176,000. The share of profits of related companies added £75,000 (£38,000), but interest took £336,000 (£231,000).

After tax at £254,000 against £51,000 and minorities of £15,000 (£9,000), there were extraordinary debits of £48,000, down from £119,000. Earnings per share are stated at 15.8p (loss 5.8p) on a net basis, and 14.1p (loss 4.1p) on a nil basis.

The directors state that the UK companies, Hallite Seals and Hallite Hilyn, which were the major areas of concern in 1983-84, achieved substantially improved results.

● comment

The turnround at Hallite can be attributed almost entirely to the resolution of problems which hit two of the group's UK subsidiaries the year before. Hallite Seals boosted stock levels by £343,000 to cure delivery problems and improve service to customers; Hallite Hilyn, which makes hoses for the offshore oil industry, notched up a 56 per cent increase in sales through greater attention to its marketing, and also cut costs through rationalising its activities into one factory at Enfield. This year the group should benefit from its reorganisation into four divisions but teething troubles could hold back performance in the first half. Order books look healthy and the group is optimistic about the prospects for the full year. Last year's improvement will be hard to sustain but the City appears pleased with progress so far and the shares held at 148p against a weak market. In the back of investors' minds lurks the fact that The General Tyre and Rubber Company (South Africa) is still sitting on the 25 per cent of Hallite it has held since its unsuccessful bid 3½ years ago, but there have ben no aggressive noises from that quarter lately.

Wellman losses cut by 32%

THE ENGINEERING group, Wellman, failed in its aim of eliminating losses in the year to the end of March 1985.

On turnover up by 25 per cent to £47.13m (£37.49m), the pre-tax loss was reduced by 32 per cent from £2.72m to £1.84m. The dividend is again passed.

The directors say that meaningful presentation of the figures was difficult because the surplus of £800,000 on the closure of the works pension scheme was included in extraordinary items whereas the bulk of the costs of closing Wellman Manufacturing was included under discontinued activities.

They add that second-half trading in retained businesses was worse than expected in two areas. The U.S. heater division did not see the expected winter upturn and cash constraints in the UK during debenture negotiations restricted deliveries, particularly at Wellman Furnaces.

During the year, Wellman Manufacturing was closed because a long-term contract, expected at the beginning of the year, took so long in matrialising that the directors say they had to cut their losses. However they add that cuts in the UK have been completed.

In the U.S. the company is closing most of the manufacturing facilities associated with the furnaces division. As the heating division is in profit the changes are expected to put the U.S. operations on a sound basis.

Tonks steps up Cartwright pressure

BY TERRY POVEY

THE LONG drawn out battle for control over R. Cartwright (Holdings) sparked back to life yesterday as bidder Newman Tonks bought shares in the market. The £11.9m bid lapses today.

Hill Samuel, advisers to Tonks, began the buying operation in after-hours trading on Wednesday and were continuing to pick up small parcels of shares last night. The bank now holds about 11 per cent of Cartwright's equity and said yesterday that Tonks was "pretty close" to success. Tonks had previously held just 1 per cent.

For Cartwright, County Bank claimed that the response to the 175p on the market offer from Tonks had been poor and said that they "remain encouraged by the attitude of shareholders" to the bid.

The position is still in the balance. Hill Samuel agree that several major institutional shareholders—especially Britannic with 7.2 per cent and M and G with 3.6 per cent—are content to stay with an independent Cartwright. Other major shareholders remain undecided.

Tonks' strategy had been to hold off from buying in the market until it was felt that acceptances had taken the offer to within striking distance of control. Anyway, the company is limited by not being able to exceed 15 per cent in total at prices above its 165p a share cash alternative—which cannot now be increased.

Last night Cartwright closed up 26p at 176p while Newman Tonks were ahead 1p at 86p. The Cartwright price compares with the 177p implicit in the 20 Tonks plus 50p for every 10 of Cartwright's shares' bid which is on the table.

Polly Peck unconditional

Polly Peck International, headed by Mr Asil Nadir, has declared unconditional its takeover of two associated companies, Cornell Holdings and Inter-City Investment Group.

It now owns or has received acceptances for 93.63 per cent of Cornell's shares and 85.76 per cent of Inter-City's.

Transcontinental provides second opportunity

Transcontinental Services Group, the international investment company, is fulfilling its commitment to provide a second opportunity for shareholders to realise their holdings at prices related to the underlying net asset value as at August 15 1985.

The first opportunity was provided in October 1984 when the former Esperanza group was relisted in the form of Transcontinental.

However, holders of just over 60 per cent of Transcontinental shares look set not to dispose of any holdings under the repurchase facility. Some 40.9 per cent have agreed not to dispose and the holders of 16.3 per cent and 4.1 per cent have indicated in writing and given informal assurances respectively that they have no present intention of realising their holdings.

Transcontinental has entered into conditional agreements with a number of investors for the purchase of up to 10.05m shares—just under 40 per cent—on the assumption that they will be made available under the repurchase facility. In the event of not enough shares becoming available to satisfy the demand up to 6m new shares will be issued at the repurchase price.

The company, whose chairman is Mr Nathaniel de Rothschild, said that the facility was being provided so that it could fully implement its "special situation" investment policy.

● comment

The second opportunity for Transcontinental shareholders to redeem their investment is looking much more like a way to enlarge the equity base. Simply making the facility available apears to have brought the share price very close to formula net asset value; at 219p yesterday there is no noticeable discount to precipitate redemptions. Nor are shareholders threatened by significant dilution if they just sit back and allow outside investors to pick up extra shares—though adherents of the pre-emptive doctrine might wish that there were also a rights element in the deal. In any event, the shuffling of shareholders, and likely addition to Transcontinental's equity, will allow the company to put more of its cash into arbitrage and into the longer-term managed investments to which it looks for capital growth.

CAP offer oversubscribed

BY STEFAN WAGSTYL

CAP Group, the latest new issues to brave the City's current antipathy towards high technology stocks, last night breathed a sigh of relief on finding that its offer for sale was oversubscribed 1.7 times.

"Our advisers say that in the circumstances it was a miracle," said Mr Alan Benjamin, a director of the software house. "We are very pleased."

"We had to battle against all kinds of things," he added, referring to the weakness of high technology shares on the stock market since the beginning of June.

After the lists closed yesterday, CAP counted applications for 20.5m shares, against 7.5m on offer at 120p each.

The basis of allocation is to be announced today. The next test for the popularity of the shares will come when dealings begin on Wednesday. Mr Benjamin said the list of investors applying for shares appeared to include many institutions likely to hold stock for the long-term.

The issue has been underwritten by merchant bank Morgan Grenfell and the brokers are Wood Mackenzie.

● Meanwhile, Moss Advertising, the latest company to join the Unlisted Securities Market made a poor debut when dealings started yesterday. Placed at 105p, the shares tumbled to close at 95p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Adams & Gibbon ... int	2.25	Sept 26	1.75	—	5.5
Celtic Haven	0.5	—	0.5	0.75	0.75
Derby Trust .... int	3.68	Aug 31	3.16	—	7.12
D. J. Security* ...... int	0.65	Sept 6	1	—	13
Hallite	6	Oct 1	4.75	9	7.75
Harold Ingram	1.5	—	nil	2.5	nil
Hill & Smith .... int	1.25	Sept 6	0.91*	—	3.34*
ICI .... int	13	Oct 2	12	—	30
Ladies Pride .... int	0.5	Oct 14	0.5	—	1.5
Nationwide Leisure	1.25†	Oct 25	nil	—	0.5
River Plate .... int	2	—	1.7	—	7.2
Scottish American ... int	1.95	—	1.7	—	5.6
Eliza Tinsley‡	1.89	—	—	2.89	—

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for script issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

AGMs

Boots chief sees strong second half performance

MR ROBERT GUNN, chairman of Boots, told shareholders at the annual meeting today he was confident the company would have "another good year, with the second half currently looking more promising than the first." He would like to see interest rates lowered, particularly those affecting mortgage repayments, while major fluctuations in sterling, mainly against the dollar, made forecasting even more difficult than usual.

In the retail division, counter sales in the first quarter of the company's current financial year increased by only 6 per cent over the same period last year as bad weather affected demand for much of the seasonal and sun sensitive merchandise sold by Boots The Chemists. However, counter sales had begun to pick up in July. Sales of basic merchandise were well up to expectations, expenses have been well controlled, and gross margins had again increased and were ahead of budget.

First quarter sales for the industrial division were up by 9 per cent, with sales of pharmaceuticals increasing by 11 per cent and those of consumer products by 7 per cent. Export sales of consumer products increased by over 30 per cent, helped by a strong contribution in the U.S. from the *group's over-the-*counter pain relief product containing ibuprofen and marketed there under the name Advil.

● Sir Terence Conran, chairman of **Habitat-Mothercare**, told yesterday's AGM that FNAC, the French group in which Habitat has just taken a large stake, offered a retailing formula which could be exported worldwide.

He said FNAC, which is the leading French retailer of records, cassettes, books, TV and photographic equipment, had a "magnificent trading formula which we believe can be used to more profitable advantage in France, but also has tremendous potential in other major country markets."

He added that Habitat group turnover continued to be comfortably ahead of the comparable period of last year and profits to date were running very much according to plan.

● **Metal Box**—As expected trading conditions in first quarter were quiet and general economic conditions affecting the markets in which it operates show little sign of change.

● **Sketchley**—A very encouraging start to the year and with many of the recent problems behind it, the board reaffirmed its confidence in the company's prospects.

● **Freshbake Foods**—Sales are higher than a year ago for the first quarter and profits are significantly ahead of last year and ahead of budget.

● **Petbow Holdings**—Present indications are that results for the first half of the current year are likely to be similar to last year.

● **Valor**—Presently all the group's seasonal businesses are very busy. More orders were in hand than at the same time last year.

Listing values Anglo United Dev. at £25m

BY LUCY KELLAWAY

Anglo United Development Corporation, the opencast mining company, is coming to the stock market at the beginning of next month with a likely value of about £25m. At present the shares are traded under Rule 535.

One fifth of UK coal is mined by opencast methods, with most of it owned by the NCB and mined by independent contractors. Anglo specialises in mining alienated coal which was de-*nationalised on the grounds that* the land contained other minerals. In this area Anglo is the second largest company in the UK, after the troubled Burnett & Hallamshire.

Opencast mining can be a profitable business, as Anglo's 37-year-old president and chief executive, Mr David McErlain, has proved twice.

In 1974 Mr McErlain borrowed £30,000 to buy a mine in Chesterfield he found on behalf of a local pottery which was searching for clay. Seven years later he had built up a thriving mining business, which he sold to Burnett & Hallamshire for £12m. Opencast mining is now one of the few profitable parts of the B&H empire.

In 1981 he set up Coal Contractors with Mr Dennis Bell. Two years later they injected their rapidly-growing mining company into Anglo United, a loss-making minerals concern quoted on the Toronto Stock Exchange.

Most of Anglo's original activities have been sold leaving mines in Scotland, West Midlands and the North East, as well as a mine in Philadelphia in the U.S. The company is seeking planning approval on 10 mines, and has options on a further 40 sites.

Anglo was poised to join the market at the beginning of 1984 but cancelled at the last minute because the miners strike was making it impossible to make a profit forecast. Although Anglo's workers are not NUM members, the strike made it difficult to sell any coal, and the company plunged into losses last year.

Production has recovered sharply and in the first half of this year Anglo made £1.5m pre-tax. In the second half the weaker dollar should help the U.S. mining operations, the exports of which have been squeezed badly in the last two years. The company expects profits of £3m in the full year, compared with a loss of £306,000 last year, and £2.6m profit in 1983.

"Scargill did us a favour—this time we've cleared out the skeletons from the cupboard," says Mr McErlain.

The skeleton was *the Irish* gold exploration subsidiary on the back of which the shares rose to a high of 90p early last year compared to about 33p now. Mr McErlain sees the upgrading of the shares as an important step.

"Being franked by the London Stock Exchange will give us a respectability that perhaps we don't have at the moment," he says, and adds that he would like the shares to be held more widely.

The full Anglo United prospectus *will* be published on August 6. Merchant bankers to the issue are Robert Fleming, and brokers are Simon & Coates.

Panel rejects Burton appeal

BY MARTIN DICKSON

THE Takeover Panel yesterday rejected a claim by Burton Group *that Debenhams, its target in a* £550m takeover bid, had breached the City takeover code.

The ruling came as House of Fraser, the department stores group, revealed that it had further increased its holding in rival Debenhams to 12.76 per cent, giving it an important say in the outcome of the battle.

Habitat-Mothercare, which is backing the Burton bid, said yesterday that it had bought a further 500,000 Burton shares, taking its holding to 1m shares.

The takeover code ruling was made by the full Panel, which met to consider an appeal by Burton and its financial adviser, S. G. Warburg, against the Panel's executive.

Burton had complained that after the launching of its bid Debenhams had introduced variations in its contracts with a number of "shop in shop" concessionaries.

Burton argued that this was a breach of rule 21 of the take-*over code, which lays down that* during the course of a bid companies must not "enter into contracts otherwise than in the ordinary course of business" without shareholders' approval.

The Panel executive rejected Burton's claim and the full Panel yesterday upheld this position.

It said that "although the contract variations in question were based on understandable commercial justifications, their *extent and timing were also* affected by the existence of pre-bid speculation and of the offer itself." They could not therefore be held without qualification to have been made in the ordinary course of business.

The panel, however, judged that these variations were "not so material to the offer as to constitute a breach of the takeover code."

However, it added: "In such situations the precise range and *effect of actions taken can be a* critical consideration." It regretted that in the circumstances, N. M. Rothschild, Debenhams' finanical adviser, had not consulted the panel before the contract variations were made.

Debenhams said that the contracts concerned—of two to three years' duration, based on performances—were offered to 26 concessionaires, of which 22 had accepted. They covered 600,000 sq ft of selling space out of Debenhams' total of 4.5 sq ft.

Ladies Pride in the red

Ladies Pride, the Leicester-based fashion outerwear group, says the prolonged cold spring weather significantly contributed to a first half taxable loss of £138,339, against £166,456.

Mainly due to the weather, retail returns from the shop-within-shop concessions were disappointing, says Mr F. A. Robson, the chairman.

Costs of reorganisation in the garment factories also contributed to the loss, but he says the effect of changes will become apparent in 1985-86.

Saffron Knitting, the fabric producing subsidiary, performed well after a poor start and "should as of now reap the rewards of their recent design and technical initiatives."

The transfer paper printing offshoot, Judgetone, is expected to show increased end-of-year profits.

Total group sales for the six months to end-May 1985 rose from £3.21m to £3.93m. There was again no tax — loss per share was 1.63p (1.96p).

The interim dividend is being held at 0.5p and will cost £42,486. Last year's final dividend was halved at 1p with the group incurring taxable losses of £282,000 (profit £228,000).

Bestobell buying minority

Bestobell, the international specialist engineering group, is offering about £773,000, equal to 61p a share, for the 22.1 per cent minority holding in Bestobell Australia.

The offer, which is conditional on the approval of the Foreign Investment Review Board in Australia, represents a 33 per cent premium over its present share price. Bestobell, through its wholly-owned subsidiary, Bestobell Overseas, presently owns 4.49m shares in BAL, equal to 77.9 per cent of the share capital. The minority interest is split between about 300 shareholders *dominated* by four institutional holdings.

BAL recorded a pre-tax loss of £1.5m in the year to March 31 1984 largely because of problems with thermal insulation contracts.

Mr Sandy Marshall, Bestobell chairman, said yesterday: "This is a further important move to secure maximum flexibility in the handling of our recovery programme in Australia after a particularly difficult year there."

A. & M. Hire

A & M Hire, which hires furniture and equipment to the theatrical and entertainments industry, achieved higher full *year taxable profits of £741,108,* against £705,932, and is substantially increasing the dividend from 0.1p to 0.4p.

Total group turnover for the year to end-January, 1985, rose from £1.06m to £1.52m.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Burmatex, Lex Service, Saga Holidays.

Finals: DBE Technology, Elbief, Fleming Enterprise Investment Trust, Flextech, Forminster, Highgate and Job, Neepsend, RTD Group, Watshams, Wintrust.

FUTURE DATES

Interims—	
Aaronson Bros.	July 30
Britannic Assurance	Aug 21
F. and C. Enterprise Trust	Aug 8
Foreign & Colonial Inv. Trust	Aug 14
Glynwed	Aug 5
IMI	Sept 2
Jarvis (J.)	July 30
Noble and Lund	Aug 8
Transport Development	Aug 12
Finals—	
De Brett (Andre)	July 29
London and Gartmore Inv. Tst.	Aug 1
Mid Wynd Intnl. Invest. Trust	Aug 8
New Court Natural Resources	July 30
Target Managed Currency Fund	July 29

Meggitt interim profits trebled

WITH ALL companies in the group showin gimprovements and full contributions from recent acquisitions Meggitt Holdings saw pre-tax profits up by more than three times on doubled turnover in the first half.

In the six months to the end of April 1985, the Poole-based engineering group made pre-tax profits of £505,000 compared with £152,000 for the same period last year. Turnover rose from £2.66m to £5.57m

For the first time the results include a full contribution from Insley and Filtration and Transfer which were both acquired towards the end of last year.

● **comment**

The City was entitled to expect excellent results from Meggitt so soon *after* the company doubled *its* equity with the purchase earlier this month of Negretti Holdings. These figures show how quickly Mr Ken Coates and Mr Nigel McCorkell, brought in by 3i in 1983, have revitalised Meggitt and got the most out of their 1984 acquisition, Insley. With the help of merger accounting for Negretti, the group should be on course for more than £2m pre-tax in the current year, a far cry from the losses made in 1982. The shares, however, already discount this prospect and the promise of more to come—at 97p they trade on a multiple of over 20 times prospective earnings, on a 25 per cent tax charge. The rating takes full account of the group's recent track record and the hope of another important acquisition, probably coming in the next six months. Both Meggitt's core businesses and Negretti will have to perform well to maintain the momentum.

UK COMPANY NEWS

Harold Ingram maintains recovery

Harold Ingram continued to recover in the second half and finished the year to April 30 1985 with a taxable profit of £327,131 compared with £33,630.

"Our overall trading situation is better than it has been for years," Mr H. Ingram, chairman and managing director, tells shareholders, who are to receive a final dividend of 1.5p for a 2.5p total (nil).

Sales amounted to £6.67m against £4.17m and earnings per share were up from 0.93p to 0.67p. Ingram designs, manufactures and markets knitted garments.

The chairman says that relationships with major outlets—British Home Stores and Littlewoods—continue to be good and the trading base has been expanded. As a result, production has been increased to meet demand.

Costs have been met for refurbishing and new machinery for the Leicester factory, and all outstanding surplus properties have been sold.

The first half of the current year looks promising, he says, with prospects of a further increase in sales and profits over the same period. Interim taxable profits for 1984-85 totalled £137,000 (loss £33,247).

Nationwide Leisure sticking to £1.25m full year target

DESPITE an early summer downturn in the retail leisure division and a squeeze on margins in the retail and tour operations side, Nationwide Leisure is *sticking to the full year profit* forecast of £1.25m made last month when it gained a full listing.

This was announced along with the results for the six months to April 30, 1985, which *show a rise of £101,000 in pre-*pre-tax profits to £407,000. This excludes any contribution from the recent £2.38m Park Home Estates and Caravan Sales Centres acquisitions, nor from the recent sale of Matchams Park site. These will make substantial contributions in the second half, says Mr Vincent Cobb, the chairman.

The interim dividend is 1.25p per share, as forecast, with earnings per share shown at 4.1p (4p).

Net turnover rose sharply from £6.52m to £10.25m. The pre-tax profit breaks down as follows: retail leisure division £84,000 (£65,000); Park Homes Estates division £96,000 (£87,000); travel division £190,000 (£113,000); other activities £35,000 (£41,000). The tax charge rose from £61,000 to £142,000.

On current trading and prospects, the chairman says the Park Home Estate division continues to trade strongly.

The retail leisure division has experienced a downturn in revenue on its outdoor sites due to the bad weather in early summer, but continues to trade satisfactorily at its large indoor stores.

The company is achieving its forecast passenger numbers in retail and tour operators businesses, but the current high level of tour operators' discounts on summer holidays is inevitably *affecting* profit margins.

This discounting, combined with the high level of late bookings in all the company's travel businesses, makes it difficult to predict accurately the group profit outcome for the year. But the chairman does not expect it to be materially different from the previous forecast.

He is particularly pleased with the profit improvements shown by Neilson's winter sports tour programme and by Alpine Sports Retail Shops at both Kensington and the new branch in Surrey.

Adams & Gibbon set to meet bid forecast

Adams & Gibbon, which recently *fought* off a takeover bid from Keep Trust, yesterday reported higher taxable profits of £462,247, against £364,267, for the six months to end-May, 1985.

In its defence, Adams *forecast profits* of at least £800,000 for the full year and the directors are confident that this will be met.

First half turnover was up from £16.92m to £17.66m, generating higher operating profits of £720,600 against £532,799. Interest payable amounted to £258,353 (£168,532). Adams is a garage proprietor, motor dealer and motor engineer.

The interim dividend is being *raised to* 2.35p (1.75p) with earnings per share up at 16.1p (15.1p), after tax of £170,000 (£90,000).

Mr Richard A. Adams, the chairman and managing director, says that in the light of the failed bid, the company intends to step up its programme of improving operating efficiency.

"Assuming there are no unforeseen events, our prospects for the remainder of 1985 must be good, despite current *high* interest rates which are posing problems for our hire purchase finance company," he says.

COMPANY NEWS IN BRIEF

FLEMING FLEDGELING Investment Trust increased net asset value to 140.1p per 25p share as at June 30 1985, against 118.6p a year earlier. After tax revenue for the six months was £140,145 (£103,272) and earnings per share 1.11p (0.82p). The interim dividend is unchanged at 1p net. Total income was £280,379 (£212,792).

ACE BELMONT International, caravan manufacturer, made lower profits of £109,444 (£308,000) in the six months to *February 28 1985*, on *sales* of £17.27m (£14.29m). There was again no tax and earnings per share were 0.34p (9.71p). All the company's ordinary shares are privately held.

LEDA INVESTMENT Trust's net asset value as at June 30 1985 was 176.4p (140p) per share. After-tax revenue for the half year period improved to £156,000 (£133,000) giving earnings per *share* of 3.12p (2.66p). The interim dividend is 2.45p (2.1p) net and a second interim not less than last year's 3.5p is forecast.

FORWARD TECHNOLOGY has now completed the sale of K and N Electronics and Jenboame. This transaction, along with the sale of Colortran Holdings, effected last month, has reduced borrowings by £5.7m and increased the company's tangible assets (net of goodwill) by £1.1m. With the completion of the disposal programme the board is confident that the continuing businesses of ultrasonics, sound and vision and lamp making machinery provide a solid base for growth.

AHOLD, the Dutch retailer, has sold its Cadadia grocery chain in Spain to Dee Corp., of the U.K. The Dutch group said it sold the 38 shops operating around Madrid because it was not prepared to undertake the substantial expansion needed at Cadadia which reported a loss in 1984. Ahold had been talking with several potential companies over a joint venture in Cadadia, but later opted to sell the chain to Dee, which already operates stores in Spain.

PORTSMOUTH & Sunderland Newspapers reports lower taxable profits of £535,000, against £865,000, for the first three months to June 29, 1985. Turnover rose from *£10.91m* to £11.28m.

DERBY TRUST saw net revenue in the six months to the end of June 1985 rise to £434,000 (£373,000) on gross income of £756,000 (£661,000). Earnings per income share at the end of the period came out at 3.68p (3.16p) and net assets per 10p capital share on September 30 were 221.8p, up from 223.5p at the end of December 1984, or 203.5p fully diluted (205.25p). The interim income share distribution payment is 3.68p (3.16p).

RIVER PLATE and General Investment Trust net asset value per share stood at 254.8p at the end of the six-month period to June 30 1985, against a comparable 216p. Net revenue rose from £409,000 to £537,000, or 3.4p (2.58p) per deferred share. Tax came to £242,000 (£181,000). The interim dividend is raised from 1.7p to 2p.

BRITISH KIDNEY Patient Association Investment Trust reports net profits of £19,049, against £8,966, for the six months *to end June 1985. Net asset value* per £1 share at that date was 153.7p compared with 12.6p a year previous.

DRAYTON FAR Eastern Trust returned virtually static net revenue of £81,000, against £79,000, for the six months to end-June, 1985. Earnings per share were 0.479p (0.471p) and the interim dividend is un*changed at 0.4p. Net asset value* per 25p share at the end of the period amounted to 144.25p compared with 150.25p six months previous.

SCOTTISH American Investment had a net asset value at the half-way stage of 312.7p per 50p share, compared with 258.5p a year earlier. In the six months to the end of June 1985, net *income was £1.8m (£1.46m) and* earnings per share came out at 3.22p (2.62p). An interim dividend of 1.95p (1.7p) is being paid.

FT COMMERCIAL LAW REPORTS

Building contractor is not bound to remedy sub-contractor's faults

FAIRCLOUGH BUILDING LTD v RHUDDLAN BOROUGH COUNCIL

Court of Appeal (Sir John Donaldson, Master of the Rolls, Lord Justice Parker and Lord Justice Balcombe): July 24, 1985.

A BUILDING contractor may reject his employer's renomination of a sub-contractor without incurring liability for delay if, contrary to the terms of the main contract, completion dates under the proposed sub-contract and the main contract would be incompatible, or if the proposed sub-contractor would not be required to remedy defects in his predecessor's work.

The Court of Appeal so held when dismissing an appeal by the Rhuddlan Borough Council from a decision of Judge David Smout, QC *(FT October 14, 1983)* that Fairclough Building Ltd was entitled to reject the renomination of a sub-contractor under the terms of a building contract. A cross-appeal from the judge's decision that Fairclough was not entitled to an extension for its sub-contractor's delay was dismissed.

LORD JUSTICE PARKER, giving the judgment of the court, said that on December 31 1975 the council as employers, and Fairclough as contractors, entered into a building contract for the construction of a leisure complex, to be completed by May 2 1977.

The contract was on the RIBA standard form for local authorities' building works, 1963 edition July 1975 revision.

Clause 27 provided for certain work to be carried out by nominated sub-contractors. Gunite Swimming Pools was nominated by the employers through the architect, to carry out specialist swimming pool work.

On August 20 1976 the contractors entered into a sub-contract with Gunite. It provided that the sub-contract work should be carried out within 16 weeks.

From January to August 1977 there was a strike as a result of which the completion date under the main contract was extended to May 10 1978.

Shortly after the strike ended Gunite withdrew from the site and on September 29, 1977, the contractors accepted its conduct as repudiation. It was eight weeks behind time when it withdrew.

The contractors requested the architect to nominate another sub-contractor to complete the sub-contract work, including making good any defects in the work already done.

The employers were obliged to renominate a sub-contractor within a reasonable time (See *Percy Bilton [1982] 1 WLR 794, HL; (1981) 17 BLR CA).* It was not until February 24, 1978, that they were able to make what they contended to have been a valid renomination, of William Mulcaster.

The renomination, made in architect's instruction AI 137, was accompanied by a letter stating that it related to completion work only, not remedial work.

The contractors objected to the renomination on the ground (a) that it required the new sub-contractor to be given 27 weeks from acceptance of tender to complete the works, which would overrun the date for completion under the main contract; and (b) that it did not cover remedial work.

On the present appeal the main issues were whether either objection was valid.

The first question was whether the time provided for in the proposed sub-contract entitled the contractors to refuse the nomination.

Clause 27(a) of the main contract provided: "The architects . . . shall not nominate any person as a sub-contractor against whom the contractor shall make reasonable objection . . . or . . . who will not enter into a sub-contract which provides . . . (ii) that the nominated sub-contractor shall . . . comply with all the provisions of this contract . . ."

The contractors' case was that they were under a contractual obligation to complete all the contract work, which included the sub-contract work, by May 10, 1978. Accordingly, unless Mulcaster agreed to perform the sub-contract work by that date, which it would not, the architect was not entitled to nominate them.

On the plain wording of clause 27(a)(ii) and the facts that contention appeared unanswerable. Moreover, it was supported by *Bilton*, which had not been decided when the contractors objected to the nomination in February 1978.

In that case Sir David Cairns, with whom the rest of the Court of Appeal had agreed, said that a contractor faced with incompatible time provisions would be entitled to refuse to accept the sub-contract under clause 27; or he could say that he would not accept the sub-contract without extension of time; or he could accept the nomination and rely on the probability that extensions would later be given.

The decision was affirmed in the House of Lords. Lord Fraser (with whom the other members agreed) said the contractor "could have exercised its right of 'reasonable objection' under clause 27 (a) to prevent the nomination of any new sub-contractor who did not offer to complete his part of the work within the overall completion period for the contract as a whole."

In the present case, therefore, the contractors' contention had the unanimous support of the Court of Appeal in *Bilton*, and the unanimous support of the House of Lords.

The contractors had made it abundantly clear that they were not prepared to accept the renomination because the time required by the proposed sub-contractor was at variance with clause 27 (a)(ii), unless they first got an extension of time to cover the position.

They were thus doing precisely what Sir David Cairns indicated they could properly do. They were entitled to reject the renomination on the ground that the proposed sub-contractors would not enter into a contract complying with clause 27 (a)(ii).

An alternative argument that AI 137 was an instruction to postpone work was rejected. If AI 137 was invalid as a nomination, it was not an instruction to postpone anything. It could only be such an instruction if it was accepted by the contractors and necessarily involved them in postponing work. The nomination was invalid and was never accepted. It was therefore "writ in water."

The second question was whether the nomination was invalid by reason of the fact that the proposed sub-contract did not cover remedial work.

The contractors' objection on that ground was based on the House of Lords decision in *Bickerton [1970] 1 WLR 607.* There a nominated sub-contractor went into liquidation and the employer, though requested to renominate, maintained that the main contractor must complete the sub-contract work. It was held that the employer was bound to renominate, on the true construction of clause 27, because under that clause the main contractor was neither bound not entitled to do any of the sub-contract work himself.

Mr Keating, for the employers, submitted that remedial work was not nominated sub-contract work.

That was rejected. A nominated sub-contractor was obliged to produce work which satisfied the sub-contract. If he did some work which did not satisfy it, he was obliged, if he stayed, to cure the position.

The contractor was neither entitled nor bound to perform that obligation. The employer must therefore either order its omission, or issue a variation order and pay the contractor for it, or negotiate a new sub-contract covering such work.

That followed inevitably from Bickerton.

If the employer chose the renomination route, but did not provide for the new sub-contractor to carry out the remedial work, he had not carried out his renomination obligation and the contractor could object. If the renomination included remedial work and defects in such work were later discovered, he could call on the sub-contractor to remedy them. That was the plain intent of the parties. If the new sub-contract did not cover remedial work, that intention was defeated.

In the present case all the original sub-contract work had to be removed and the work started afresh. The employers had already paid the contractors £60,000 which they had paid to Gunite.

The employers were not entitled to charge the contractors for the full cost of remedial work. Once it was concluded that renomination must include remedial work and that the contractors were neither entitled nor obliged to do such work, there was no basis on which the *employers could charge them* with the cost of such work.

The appeal was dismissed.

The contractors were not entitled to an eight-week extension for the delay incurred by Gunite before it withdrew, in that the delay did not come within causes of delay specified in clause 23, which provided for extension of the completion date in certain circumstances. The cross-appeal was dismissed.

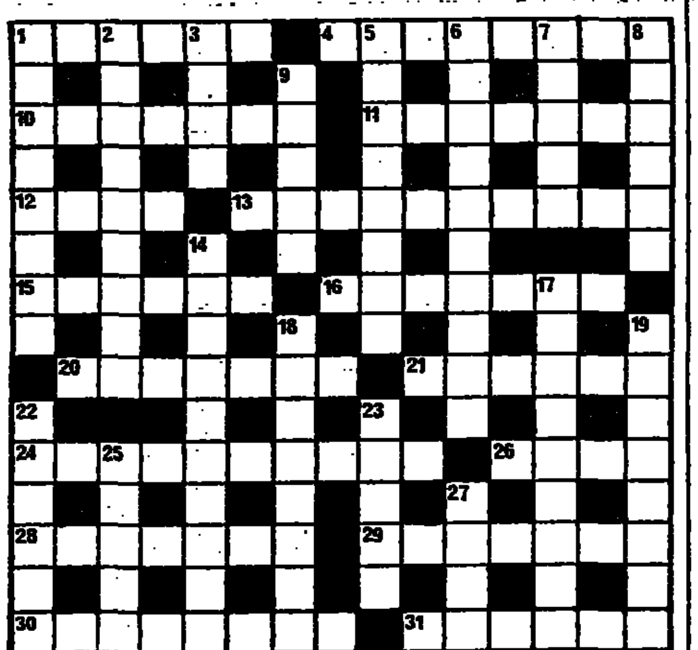
For the council/employers: Donald Keating, QC, and Vivian Ramsey (Jane Kennedy, Rhuddlan Borough Council).

For Fairclough/contractors: Patrick Garland, QC, and Timothy Elliott (Ingham Clegg and Crowther and Laytons, Preston).

By Rachel Davies

In *TDK Distributors (UK) v Video Choice, FT July 24,* junior counsel for TDK was Selwyn Bloch, not Neil Block as stated.

F.T. CROSSWORD PUZZLE NO. 5,779



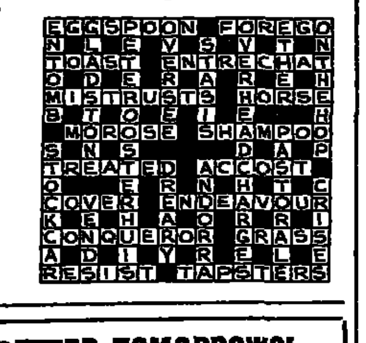
ACROSS

1 Clarify a letter about cash on delivery (6)
4 He's killing!—fools with tin lacking an opener (8).
10 Didn't keep quiet, though bearing an illness (4, 3)
11 Seeing a sailor among others make a new beginning (7)
12 Disregard none with German following (4)
13 A craftsman's son means to change (10)
15 Protection for the viewer (6)
16 Taking a practical view when one's in the country (7)
20 Being the leading player, Edward began (7)
21 Grow old and maybe find various things in need of attention (6)
24 Where the bosses were real swine (6, 4)
26 Drops in after service (4)
28 A little holiday place—bound to make one feel better (7)
29 This island built up a militant organisation (7)
30 Esteem rate-reform certain (8)
31 Deprived of freedom but composed (6)

DOWN

1 Find a record superior (8)
2 Well-satisfied about trendy moderate (9)
3 Only a little slump (4)
5 A visitor wanting more rum (8)
6 Sages blame bad company (10)
7 Taking drink into a boat can cause strikes (5)
8 Observing there's no sound (6)
9 Pomp and display, say (5)
14 They look for some conversation (3-7)
17 Feeling one saint's misrepresented (9)
18 The main base (3-5)
19 Winnings help, though it's denied (8)
22 Transport a domestic animal that's walked over (6)
23 To edge into church appears wrong (5)
25 Annie's make-up is really silly (5)
27 The ill-natured generally exhibit a certain irritability (4)

Solution to puzzle No. 5778



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd.	59 1	62.9	-0.2	3 60
Accum Units	87 5	93.1	-0.1	3.63
Pearl Inc.	24.2	89.6	-0.1	5.29
Pearl Unit Tst.	87.1	92.7	-0.4	4.50
(Accum. Units)	147 4	156.8	-0.6	4.50

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. 0491 576868

Growth	173.9	186.7	-1.6	1.55
Income	130.4	139.7	-0.9	5.50
Worldwide Recovery	98.7	106.0	-0.6	2.16
American Growth	56.3	60.5	-0.5	0.69
Intl. Emerging Cos.	55.7	59.8	-0.3	0.80
Far East Growth Fd.	45 7	49 1	-0 1	1.00

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544/7

Prolific Far East	99.6	106.7	-0.3	0.27
Prolific Extra Inc.	58.5	62.8	-0.2	6.46
Prolific Gilt Cap	81.3	84 6	-0.1	3.27
Prolific High Inc.	121 7	130.6	-0.2	5.80
Prolific Intl	81.3	87 1	-0.3	1.89
Prolific N Amer.	115 4	123.6	-0.3	2.42
Prolific Spec. Sits.	128 9	138 3	-0.5	1.77
Prolific Technology	99.3	106 4	-0.6	1.06

Providence Capital Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Japan Trust	46.5	49.3	+0.5	—
Worldwide	46.6	49 4	-0.3	1.66
European Trust	48.6	51.5	+0.2	1.68
North American	48 4	51 3	-0.7	2.18
UK Equity	47.5	50.3	-0.2	4.06

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-69, Ilford Hill, Ilford, Essex, IG1 2DL 01-478 3377

Holborn Equity Tst.	301 7	320 9	-1.9	3 87
Holborn Gilt Tst.	152 9	159 9	-0.2	8.81
Holborn High Inc	53.2	56 5	-0 1	7.47
Holborn Intl	57.8	61 4	-0 6	0.61
Holborn UK Growth	59.5	63.7	-0.3	3 41

Quilter Management Co. Ltd.
31-45 Gresham Street, EC2. 01-600 4177

Quadrant Gen. Fd	306 4	323 9		3 72
Quadrant Income	168 9	179 7		7 00

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants, SP10 1PG
0264 62188 Dealings to 0264 63432-3

TSB American	92.6	98.6	-1.2	1.48
Do. Accum	95.5	101.6	-1.3	1.48
TSB Extra Income	81.4	86.6	-0.2	6.63
Do. Accum.	90.6	96 4	-0.2	6.63
TSB General	111.3	118.4	-0.5	3 56
Do. Accum.	180 3	191.8	-0.9	3 56
TSB Gilt & Fxd Int.	46.8	48.8		9 48
Do. Accum	57 6	60.0		9 48
TSB Income	153.9	163 8	-0 3	5.38
Do Accum.	232.1	247.0	-0.4	5.38
TSB Pacific	100.2	106 7	-0.8	0.62
Do. Accum	102.9	109 4	-0 8	0 62
TSB International	221.1	235.3	-1.4	1 91
Do. Accum.	269.2	286.4	-1.6	1.91
Natural Resources	44.7	47.6	+0.2	2.84
Do. Accum	45 1	48.0	+0.1	2.84
TSB Small Cos.	43.9	46.5		2.67
Do. Accum	47.2	50.3		2.67

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks Aylesbury (0296) 5941

Small Co's Fund	65.0	69.5	+0.5	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941

American Eagle	65.0	69.5	-0 4	0.27
Australia	28.2	30 1	+0.3	0.10
Commodity	87.8	94 4	-0 7	1.83
Energy	39.5	42.2	+0 2	0 83
Equity	92.5	98 7	-0 1	4.01
European Spec. Sits.	49.8	53.3		0 44
Extra Income	87 1	93.2	-0.2	7 78
Financial	189 4	201.7	-0 4	0 4
Gilt Capital	218.7	229.0	-0.2	3 25
Gilt Income	103.6	108.5	-0.1	8.83
Gold Income	60 1	64.3		2.38
Gold Acc.	108.5	116.0		2.38
Income	55.2	59 4		6.30
Japan	42.6	45 4	-1.0	0.10
Malaysia & Singapore	23.5	25 1	+0.1	1 17
Pacific Income	61.2	65.5	-0 7	0 95
Pacific Re Inv.	74.1	79.3	-0 9	0 95
Preference Share	15 7	17.0		10 19
Professional	447 3	477 1	+2.6	1.92
Special Sits.	76.1	81.4	-0 9	2.76
Technology	42.3	45.2	-0 1	0 10
U S Special Bond	48.6	52.0	-0 1	6.53

[illegible]

INSURANCE, OVERSEAS & MONEY FUNDS

Arbuthnot Securities (C.I.) Ltd. (a)(c)(b)
P.O. Box 428, St. Helier, Jersey. 0534 76077

Dollar Income Tst Ut	$1.039	1.089	+0.002	11.02
Gov't Secs. Tst.	74.6	78.4	-0.1	12.76
Yen Bond*	Y201	212		5.66
Sterling Fcd	182.3	192.9		—
Japan Growth*	203.5	219.0		0.45

Next dealing *Aug 1. †July 31.

Aries Fund Managers Ltd.
PO Box 443, St. Helier, Jersey. 0534 75141

Hev & Gen GB Fd	—	—		—
Dollar Fund	$10.29	10.37	-0.04	7.15
Sterling Fxd Interest	£9.68	9.71	-0.02	10.18

B.I.A. Bond Investments AG
10, Baarerstrasse CH6301, Zug, Switzerland

Barer Bd June 21	SF10,925	11,500		—

Julius Baer Bank & Trust Co Ltd
Butterfield House, Grand Cayman

Liquibaer J. Baer SFd	$1,327	1,328		—

Bamford Brandt Guernsey Mngt. Ltd.
PO Box 71, St Peter Port, Guernsey 0481 26541

Tech and Comm.	£7.25	7.67		—
Pac. Basin Fund	$27.28	28.83		—

Bank of America International S.A.
35 Boulevard Royal, Luxembourg GD

Worldinvest Inc	$128.25	128.90		8.17

Valued weekly on Wednesdays

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey 0534 73741

Unigilt Trust	£43.4	45.2		11.00
Unidollar Trust	16.45	17.44		1.2

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$11.71	—		—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$13.28	—	-0.07	—

Inv. Adv.: M. & G. Inv. Mngt. Ltd., London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$8.99	—	-0.10	—
Dynamic Gwth Fd	$8.13	—	-0.03	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	12.0	—	—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	12.30	9.19	13.62	6mth
7-day Fnd	12.10	9.05	13.39	6mth
Oppenheimer Money Management Ltd 66 Cannon St. EC4N 6AE 01-236 1425				
Call Fnd	12.19	9.11	13.45	6-Mth
7-day Fund	12.16	9.09	13.41	6-Mth
Dollar	6.50	—	—	6-Mth
Money Mngt Acct	11.75	8.78	13.14	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh. EH2 4DF 031-225 8484				
Full Service Cur Acc	11.75	8.30	12.40	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	11.875	8.875	13.30	Qtr
Wkly Int Chq	11.75	8.79	13.30	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	11.40	8.53	12.65	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.50	8.625	12.90	Qtr
Britannia Investment Services Ltd. 29 Finsbury Circus, EC2M 5QL. 01-588 2777				

Enterprise House, Portsmouth 0705 827733

Special Acc	12.00	8.97	12.59	Mth
Over £10,000	12.25	9.15	13.88	Mth

Western Trust & Savings Limited
The Moneycentre, Plymouth PL 1SE 0752 24141

High Int Chq Acc	12.19	9.11	13.46	Qtr

NOTES—Gross rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ф Yield column shows annualised rates of NAV increase.

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	16	Midland Bk	30
BAT	32	NEI	8
BOC Grp.	25	Nat West Bk	60
BSR	16	P & O Dfd	36
BTR	52	Plessey	17
Babcock	14	Polly Peck	26
Barclays	48	Racal Elect.	18
Beecham	32	RHM	11
Blue Circle	45	Rank Org Ord	32
Boots	15	Reed Intnl	50
Bowaters	20	Sears	8
Brit Aerospace	33	TI	20
Brit. Telecom	11	Tesco	20
Brown (J.)	3	Thorn EMI	35
Burton Ord	39	Trust Houses	13
Cadburys	14	Turner Newall	10
Comm Union	19	Unilever	85
Courtaulds	12½	Vickers	19
Debenhams	17½	**Property**	
Distillers	28	Brit Land	12
Dunlop	6	Cap Counties	18
FNFC	8½	Land Secs	25
Gen Accident	45	MEPC	28
Gen Electric	17	Peachey	22
Glaxo	85	Samuel Props	14
Grand Met.	25	**Oils**	
GUS 'A'	60	Brist. Oil & Min	4
Guardian	60	Brit Petroleum	42
GKN	17	Burmah Oil	18
Hanson Tst.	17½	Charterhall	6
Hawker Sidd.	38	Premier	5
Hse of Fraser	30	Shell	60
ICI	60	Tricentrol	18
'Imps'	18	Ultramar	19
Jaguar	28	**Mines**	
Ladbroke	24		
Legal & Gen	50	Charter Cons	18
Lex Service	28	Cons Gold	44
Lloyds Bank	45	Lonrho	14
Lucas Inds	25	Rio T Zinc	56
Marks & Spencer	11		

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Copper price lifted by supply squeeze

A RENEWED squeeze on immediately available supplies of copper escalated on the London Metal Exchange yesterday, raising fears of market manipulation among traders.

The cash price for copper wirebars has been showing a growing premium over the three-month quotation since Wednesday, and at one stage yesterday it rose above £30 a tonne, before dropping to £20 at the unofficial close. The cash price rose £13.50 on the day to £1,097.50 per tonne.

Some traders speculated that this week's development could be a re-run of the events of May, when the cash premium for copper rose above £100 a tonne as one participant—believed to be a leading merchant—held back supplies.

Yesterday's movement in copper prices was only the latest in a string of hiccoughs on the LME this year. These have mainly reflected the low level of warehouse stocks in recent months, although copper stocks have risen substantially since reaching their trough in March.

In their mid-year review of the metal markets, published yesterday, analysts at Shearson Lehman said such distortions are likely to continue in the second half of this year and beyond as market participants see opportunities to exploit temporary shortages of metal.

Shearson is not forecasting major bull markets in any of the base metals. Temporary price rises caused by backwardation were only be likely to cause renewed production at closed down mines, it said.

Meanwhile, Britain announced yesterday that it planned to sell materials representing about a quarter of its strategic mineral stockpile this financial year, in line with its previously-announced decision to wind the stockpile down.

● Canada is to supply Japan's fourth largest electricity utility, Kyushu Electric Power Corp, with 3,000 short tons of uranium yellowcake over a 13-year period starting in 1987

U.S. farm groups reject aid shipments compromise

BY NANCY DUNNE IN WASHINGTON

WITH THE competitiveness of U.S. foreign exports at stake, agricultural and maritime interests have agreed on proposed legislation which would redefine the application of the controversial "cargo preference" rule. But the proposed compromise has met with strong opposition from farm groups and exporters.

Under the preference rule half of all government generated cargoes must be carried on U.S. vessels. The measure is, in essence, a gift to the ailing and uncompetitive U.S. maritime industry, but it also reflects the desire of Congress to keep American shipping alive for national security purposes.

In the past, cargo preference has been mostly applied to U.S. food aid shipments or concessional sales by the Government to poor countries. However, with the introduction of new schemes designed to enhance U.S. agricultural sales—like the export bonus programmes—the maritime interests have attempted to get cargo preference expanded to these new government subsidy programmes.

Mr John Block, the U.S. Agriculture Secretary, has urged passage of legislation which would limit cargo preference to food aid, but he has been opposed by Mrs Elizabeth Dole, the Transportation Secretary and wife of Senator Robert Dole, the Senate majority leader.

At the urging of Senator Dole, martime and agriculture groups have been meeting for weeks to resolve the dispute. A complicated compromise reached this week would give the maritime industry an increased share of U.S. food aid shipments up to 75 per cent, phased in over three years—but it would bar the application of cargo preference to commercial sales subsidised by the U.S. Government.

The issue, however, is far from settled because several farm groups and exporters have refused to endorse the compromise. The American Soyabean Association, the Millers National Federation, Continental Grain Company, Cargill Inc and several others wrote to the House Agriculture Committee saying that "the price exacted by the maritime industry is too high . . . we believe the only correct course of action is to approve cargo preference exemptions for our commercial programmes."

"American exports are in so much trouble that they should not be encumbered by cargo preference," said the American Farm Bureau. Cargo preference is costing $165m a year, the Farm Bureau said and the proposed compromise would add another $50m to the cost.

Miss Margie Williams, a spokesman for the U.S. Wheat Growers, said several wheat, maize, rice and cotton producers are supporting the compromise in order to get congressional passage of legislation which would establish the limit of cargo preference. She said the compromise must still be reviewed by Senator Dole, who may bring it to the Senate floor for a vote before the August recess of Congress.

British sugar beet plans worry cane producers

BY HUGH O'SHAUGHNESSY

EXPANSION of beet sugar production in Britain could hurt not only the interests of cane sugar producers in the Commonwealth Caribbean but also those of established British refiners of imported raw sugar, Mr Bernard St John, the Prime Minister of Barbados, said in London yesterday. An increase in Brtish beet acreage would specially hit developing countries at a time when the world price of the commodity was at exceptionally low levels, he added.

Mr St John said sugar producers among the African, Caribbean and Pacific countries who are signatories of the Lome Convention with the European Community had to be on their guard lest the access to European markets for their sugar was whittled away, he claimed.

Sugar is to figure prominently on the agenda of talks to be held in London next week by Mr Manuel Esquivel, the Prime Minister of Belize who will be visiting Britain as the guest of the government. Mr Esquivel sees Mrs Margaret Thatcher, the Prime Minister, on Wednesday.

Tate and Lyle, the British refiner, is seeking to sell to Belizean interests its majority share in Belize Sugar Industries which has been hard hit by the low world sugar prices.

EEC urged to reopen soya dumping cases

By Our Commodities Staff

EUROPEAN oilseed crushers are stepping up pressure on the European Commission to reopen anti-dumping proceedings against imports of soyameal from Brazil and Argentina.

The Commission opened proceedings against the two producers last year, but decided in April that it had no grounds for pursuing the matter.

Fediol, the European oilseed crushers' federation, has now asked the European Court of Justice to overrule the Commission's decision to suspend the anti-dumping actions.

The European Commission maintains that their export arrangements do not incorporate subsidies

Date set for rubber agreement review

THE International Natural Rubber Organisation (INRO) council will hold a special session on August 13 and 14 to review buffer stock operations, reports Reuter.

The meeting follows a rise in the INRO buffer stock to more than 300,000 tonnes. Under INRO rules a special session must be held when stocks exceed that level. INRO officials said the 33-member council may lower by up to 3 per cent the reference price of 207.90 Malaysian/Singapore cents a kilo, on which trigger prices for buying and selling are based.

● INDIA'S Commerce Ministry is reviewing requests that it should withdraw the minimum tea export price and an export ceiling on tea, a senior Commerce Ministry official said. The United Planters Association of South India (UPASI) has asked the ministry to lift an official 1985 tea export ceiling of 220m kilos and withdraw the minimum export price of Rs 26 per kilo to boost Indian tea exports.

● A CHINESE trade team hahs agreed to buy Indian tea for the first time. The country will take 1m kilos for delivery this year, a senior Commerce Ministry official said. China has so far been importing tea mainly from Sri Lanka.

● IRAN will soon begin producing iron ore from a new mine iwth proven reserves of 351m tonnes. The national news agency IRNA said exploratory work was completed on the Chadormelo mine in Yazd province of central Iran.

An official said the mine would start producing 2.5m tonnes a year of iron ore "in the near future," to rise gradually to 6m tonnes a year.

● THE INTERNATIONAL Wheat Council has raised its estimate of the 1985 world coarse grain crop to a record 820m tonnes from 815m estimated a month ago and 797m in 1984. It cut its 1985 wheat crop estimate by 2m tonnes to 522m.

Hugh O'Shaugnessy on banana trade problems

Windward Islands caught in the cross fire

SELDOM has the interaction of trade and world politics been better illustrated. At the beginning of May Washington imposed a ban on trade between the U.S. and Nicaragua as part of its offensive against the Government of Nicaragua. That put an end t o abusiness worth an annual $14m to Nicaragua, which used to do a roaring trade selling its bananas on the U.S. west coast. The bananas accounted for about a quaiver of the country's exports to the U.S.

Looking around for other customers, the Managua Government rapidly came to an agreement with the old-established Hamburg company of T. Port and fixed up a weekly reefer service to the Belgian port of Ghent.

The vessels had a good chance of getting big return cargoes of goods for Nicaragua which the Nicaraguans were now unable to buy in the U.S. Before the end of May the first 67,000 boxes (40 lb each) of Nicaraguan bananas hit the Euronpean market and prices of this highly perishable fruit crumbled. Seeking a niche in the market for an unfamiliar product T. Port priced accordingly. The fruit was bought by importers in all the main European markets with the exception of Spain (which gets its fruit homegrown in the Canaries) and France (which is supplied by its overseas territories).

"When the first Nicaraguan fruit arrived in Britain it knocked about £50 a ton off the prices of just over £500 a tonne we were getting," says Mr Charles Cadet, London representative of Winban, the Winward Islands Banana Growers' Association.

The Windward Islands have a special relationship with the British market. The four islands, Grenada, St Vincent, St Lucia and Dominica, were encouraged to grow bananas after the last war. The then Colonial Office saw few other means of livelihood for these beautiful but poor territories.

Under a quota system which favours producers in the Commonwealth Caribbean and Surinam over other "dollar" suppliers they are assured of selling in the British market virtually as many bananas as they can grow—though the price has to be the market price. The advent of the Nicaraguan fruit, sold outside the channels of the major international companies such as United Brands (formely United Fruit), and its impact on the British market led the High Commissioners of the Windward Islands in London to make a friendly but anguished complaint to the U.S. embassy in London this month about President Reagan's action against the Nicaraguans.

BRITISH BANANA IMPORTS
January-May 1985

	(tonnes)
Windward Islands	60,000
Surinam	11,000
Jamaica	4,000
Belize	3,000
"Dollar Area" (mainly Latin America)	35,000

The State Department admits that the damage done by the embargo on Nicaraguan trade to the economies of the Windwards was totally unintended. Washington is after all spending millions of dollars on economic aid and arms for the islands where its troops were in action in 1983.

Meanwhile, however, things have not been going swimmingly for the Nicaraguans. Much of the fruit, subjected to a longer journey from the Pacific coast of Nicaragua to Ghent than it had been used to en route to California, has been arriving damaged. The boxes are more fragile than those used in the European markets and the fruit has suffered from crown rot, a fungus that hits cut bananas. This has meant even lower prices.

The Nicaraguan Government has charged that the international banana companies have been cutting their prices in order to make Nicaragua's sales unremunerative.

The arrival of Nicaraguan bananas has sharpened the ambition of Ecuador, South America's largest exporter, to consolidate its position in the European market. This in its turn has raised new fears in the minds of the Windward Islands suppliers. Reefers used to bring Chilean fruit to Europe are now being used in the Chilean off-season to pick up job lots of Eucadorean bananas for sale in Europe, posing yet another threat to prices.

Winban sees the threat from Ecuador as particularly immediate. Under the British licencing system that part of the British market not supplied by the Windwards, Jamaica, Belize or Surinam may be satisfied by imports from Ecuador, Colombia or other "dollar" areas. Ecuadorean fruit is entering the UK under quota through the Irish port of Cork. Landings in Cork were initially destined for the Northern Irish market but now Ecuadorean bananas appear to be crossing from Ireland to England creating new competition for Caribbean producers.

Despite all their problems the Windward Islands and Jamaica are confident that in a year or two's time they can supply all of Britain's banana needs, more than 300,000 tons a year. Mr Arthur Jeffares, of Jamco, the external trade organisation of the Jamaican Government, expects his country's sales to Britain to recover from their present very low level as investments in new plantations and handling facilities in Jamaica mature. Mr Cadet is similarly confident.

But for the moment the U.S. action in imposing sanctions on Nicaragua and the consequent knock-on effects in the European banana market are preoccupying many people

LONDON MARKETS

ALUMINIUM

Official closing (am): Cash 718-.5 (712.5-3): three months 740.5-1 (735-.5): settlement 718.5 (713). Final Kerb Close: 740-40.5. Turnover: 11,750 tonnes.

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	718-9	+1.3	718.5
3 months	741-.5	+2	747/735

COPPER

Official closing (am): Cash 1112-5 (1069.5-70); three months 1079-.5 (1064-5): settlement 1115 (1070). Final Kerb Close: 1074-75.

CATHODES

Official closing (am): Cash 1048-50 (1030-2): three months 1058-60 (1043-4): settlement 1050 (1032). Turnover: 41,770 tonnes. U.S. Producer prices 67.50-71 cents per pound.

Higher grade	Unoffic'l close	+ or —	High/Low
Cash	1095-100	+13.5	1115/1110
Three m'nths	1077-8	+5.75	1080/1081
Cathodes			
Cash	1040-5	-8	1050
Three m'nths	1058-60	+8.5	—

LEAD

	Unofficial close(p.m.) £ per tonne	+ or —	High/Low
Cash	290-1	+.5	287.5/287
3 months	297.5-8	+.25	297.5/294.5

Official closing (am): Cash 287-.5 (285.5-6): three months 294.25-.5 (293.5-4): settlement 287.5 (286). Final Kerb Close: 296.5-7. Turnover: 8,775 tonnes. U.S. Spot: 19-21 cents per pound.

NICKEL

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	3605-15	-25	3610
3 months	3650-60	-30	3685/3685

Official closing (am): Cash 3613-5 (3582-5): three months 3655-60 (3633-.5): settlement 3615 (3585). Final Kerb Close: 3630-40. Turnover 1,050 tonnes.

ZINC

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	542-4	-11.5	—
3 months	537.5-8	-6.75	545/551

Official closing (am): Cash 550-1 (551-3): three months 542-.5 (541-2): settlement 551 (553). Final Kerb Close: 537-38. Turnover: 14,275 tonnes. U.S. Prime Western: 41-41.75 cents per pound.

TIN

High grade	Unofficial close(p.m.) £ per tonne	+ or —	High/low for day
Cash	9105-15	+7.5	—
3 months	9095-105	+8.5	—

Official closing (am): Cash 9070-5 (9070-5): three months 9065-70 (9055-60): settlement 9075 (9075).

Standard			
Cash	9105-10	+5	9102/9100
3 months	9090-1	-3	9095/9080

Official closing (am). Cash 9100-2 (9070-5). three months 9087-9 (9085-70); settlement 9102 (9075).

STANDARD

Official closing (am). Cash 9100-2 (9070-2); three months 9087-90 (9060-2); settlement 9102 (9072). Final Kerb Close 9091-95 Turnover: 810 tonnes. Straits tin $m31.11 (31.06) kilo.

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

METALS	July 25 1985	+ or —	Month ago
Aluminium	£1100		£1100
Free Mkt	$1040/70	+5	$1030/060
Copper			
Cash h Grade	£1097.5	+13.5	£1086.75
3 mths	£1077.5	+5.75	£1098.75
Gold troy oz	$317.75	-0.5	$317
Lead Cash	£290.5	-0.5	£301.5
3 mths	£297.75	+0.25	£301.25
Nickel			
Free Mkt	227/257c		250 280c
Palladium oz	$94.35	+0.05	$98.60
Platinum oz	$272.40	+0.80	$266.60
Quicksilver†	$285/295		$285/295
Silver troy oz	432.95p	-0.28	472.80p
3 mths	445.20p	-0.55	486.65p
Tin cash	£9107.5	+5	£9675
3 mths	£9090-5	+3	£9425
Tungsten	$67.49		$75.74
Wolfram 22 04lb	$62.66		$56/60
Zinc	£543	-11.5	£619
3 mths	£537.75	-6.75	£598.5
Producers	$850		$880

	July 25 1985	+ or —	Month ago
OILS			
Coconut (Phil)	$525x	-5	$565
Palm Malayan	$457.5u	-7.5	$550
SEEDS			
Copra Phil	$340z	+5	$350
Soyabean (U.S.)	$224.1w	-0.8	$253
GRAINS			
Barley Fut. Nov.	£100.90	+0.05	£97.15
Maize	£137.00z	-4	£145.00
Wheat Fut. Nov.	£101.10	-0.10	£98.00
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Sept.	£1698.5	-4	£1708
Coffee Ft. Sept.	£15.33	+11.5	£1977
Cotton A Index	59.90c	-0.05	62.60c
Gas Oil Sept.	$220.5	+0.75	$212.75
Rubber (kilo)	63p	-1	66p
Sugar (raw)	$100zw	-2	$87
Wooltops 64s	429pkilo	-9	455pkilo

‡ Unquoted. u Aug. x Aug-Sept. w Sept. z July-Aug. † Per 76 lb flask. c Cents per pound.

GOLD

Gold fell $½ to $317½-$318 on the London bullion market yesterday. Trading remained quiet. After an opening of $319¼-$319¾ the metal was fixed at $319.40, slightly below the days peak of $319¾-$320¼. The afternoon fixing was at $317.40, and gold touched a low of $316-$316½.

GOLD BULLION (fine ounce) July 25

Close	$317½-318	(£225¼-225¾)
Opening	$319¼-319¾	(£226-226¼)
M'n'g fix.	$319.40	(£226.445)
Aft'n'nfix.	$317.40	(£226.149)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$326½-327	(£231½-232)
½ Krug.	$168¾-169¼	(£119½-120)
¼ Krug.	$86¼-86¾	(£61-61½)
1/10 Krug.	$35¼-35¾	(£25-25½)
Mapleleaf	$328¾-329¼	(£233-233½)
New Sov.	$75½-76	(£53½-54)
½New Sov	$45½-46	(£32¼-32¾)
Old Sov.	$76-77½	(£54-55)
$20 Eagle	$465-505	(£329½-358)
Noble Plat	$278-281	(£198-200¼)

SILVER

Silver was fixed 0.20p an ounce lower for spot delivery on the London bullion market yesterday at 432.95p. U.S. cent equivalents of the fixing levels were: spot 609.80c, up 0.60c; three-month 621.65c, up 0.25c; six-month 634.2c, down 0.30c; and 12-month 661.8c, up 0.40c. The metal opened at 430-433p (608-611c) and closed at 431½-434½p (608-611c).

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	432.95p	-0.20	430p	-1.5
3 months	445.20p	-0.55	443p	-1.55
6 months	457.10p	-1.05	—	—
12months	480.60p	-0.50	—	—

LME—Turnover: 56 (25) lots of 10,000 oz.

Three months high 446, low 442.5, final kerb 443-5.

GRAINS

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Sept.	97.70	-0.05	97.35	+0.05
Nov.	101.10	-0.10	100.90	+0.05
Jan.	105.00	-0.05	104.70	+0.05
Mar.	108.30	-0.05	107.85	+0.05
May.	111.85	—	110.80	+0.05

Business done—Wheat: Sept 97.70-7.50, Nov 101.10-0.90, Jan 105.10-4.95, Mar 108.40-8.15, May 111.85 only. Sales 91 lots of 100 tonnes. Barley: Sept 97.15-6.95, Nov 100.90-0.50, Jan 104.50 only, Mar untraded, May 110.80 only. Sales. 97 lots of 100 tonnes.

The markets fell slightly on early country selling but returned to unchanged levels on speculative buying in thin trading, reports Muirpace.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1, 15 per cent: Aug/Sept 118.25, Oct 121, Nov 122.85, sellers, transhipment East Coast. U.S. No. 2 Soft Red Winter: Aug 106. Sept 108.75, Oct 111.50, Nov 113.00, sellers. EEC July 117, seller. English feed, fob: Jan/March 108.00, sellers, East Coast. Maize: U.S. No. 3 Yellow/French, transhipment East Coast. July/Aug 137 sellers. Barley: English feed, fob: Sept 98.50 paid East Coast, Aug 97, Oct/Dec 104.25, Jan/March 109.50, Jan/June 112.00, sellers. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 90.20, S. West 92.00, W. Midlands 94.60. The UK monetary coefficient for the week beginning Monday July 29 will remain unchanged.

COCOA

Futures opened steadier than due but eased to lows £20 below the previous evening before rallying again to close on a firm note. The early steadiness attracted limited producr selling but this dried up as values eased and apart from second-hand interst for cocoa products little further business was noted, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
July	1750-1758	-4.5	1762-1745
Sept.	1697-1700	-4.0	1708-1686
Dec.	1698-1689	-3.5	1695-1674
Mar.	1696-1697	-3.0	1705-1686
May	1711-1712	-4.5	1717-1702
July	1727-1729	-4.0	1730
Sept.	1738-1740	-5.0	1758-1737

Sales: 4,484 (3,36) lots of 10 tonnes. ICCO indicator prices (U.S. cents per pound). Daily price for July 25: 101.48 (101.64); five-day average for July 26: 101.10 (100.65).

COTTON

LIVERPOOL—No spot or shipment sales were registered. Ordering was restricted and the offtake was confined to minimum quantities.

COFFEE

After opening lower on light commission house selling gains of £35-£53 were established during an active morning, reports DBL. Prices then declined under aggressive commission house pressure, advanced again and finally drifted lower towards a weaker close.

COFFEE	Yesterd'ys Close	+ or —	Business Done
July	1500-1502	+18.5	1530-1488
Sep	1532-1534	+11.5	1573-1505
Nov.	1577-1578	+5.0	1616-1565
Jan.	1615-1618	+3.0	1652-1600
March	1645-1650	+0.5	1680-1640
Ma	1690-1700	+20.0	1725-1685
Jul	1710-1720	-7.5	1755-1735

Sales: 5,237 (7,336) lots of 5 tonnes. ICO indicator prices (U.S cents per pound) for July 24: Comp. daily 1979 115.32 (115.24): 15-day average 121.66 (122.49).

INDICES

FINANCIAL TIMES

July 24	July 23	M'th ago	Year ago
260.96	260.21	281.04	291.29

(Base: July 1 1952 = 100)

REUTERS

July 25	July 23	M'th ago	Year ago
1686.9	1681.9	1769.2	1883.9

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	July 22	July 25	Month ago	Year ago
Spot	115.09	115.36	—	128.95
Fut.	115.00	115.83	—	124.51

(Base: December 31 1974 = 100)

SUGAR

LONDON DAILY PRICE—Raw sugar $100.00 (£71.00), unchanged (unchanged) a tonne for July-August-September delivery. White sugar $139.00, unchanged.

No. 6 Con-tract	Yest'day's close	Previous close	Business done
	$ per tonne		
Aug	106.2-106.8	98.0-100.0	106.0-99.8
Oct.	115.2-115.4	104.0-104.4	115.0-104.0
Dec.	118.0-119.0	107.2-107.8	118.8-107.2
Mar.	129.2-129.4	116.8-117.0	129.4-117.0
May	131.6-132.6	120.4-120.8	133.8-121.0
Aug.	135.2-136.6	124.4-124.8	125.4-125.4
Oct	140.0-141.0	129.8-130.8	140.8-151.4

Sales: 3,629 (2,779) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £173.50 (same) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for July 24: Daily price 3.48 (3.48): 15-day average 2.97 (2.91).

SOYABEAN MEAL

The market opened 70p easier on stronger sterling, reports T. G. Roddick. Prices remained around opening levels in quiet trade.

	Yesterday close	+ or —	Business Done
	£ per tonne		
August	120.0-120.0	+4.50	—
October	118.0-118.5	-1.05	111.0-110.5
Dec	115.0-115.5	-1.00	115.5-115.4
Feb	120.5-121.5	-1.05	—
Apr	121.5-123.0	-0.75	—
June	122.5-124.0	-1.00	—
August	123.5-127.0	-1.00	—

Sales: 149 (115) lots of 20 tonnes.

RUBBER

The London physical market opened unchanged, met continuous selling throughout the day and closed easier, reports Lewis and Peat. Closing prices (buyers): spot 63.00p (same): Sept 59.25p (same): Oct 59.25p. The Kuala Lumpur fob price for Rss No. 1 was 191.0 (same) cents a kg and for SMR 20 was 161.0 (162.0).

OIL

North Sea and North African crudes for August loading continued firm. Brent gained 20c in distant months in limited trading. Nymex WTI opened 8c down for Septembr but traded 5c up at 1 pm EST. In the gas oil market most interest was concentrated on August 16-September 15. For this period talk firmed $253 while prompt firmed 50c. Havy fuel was unchanged in a balanced market. Demand for good quality material into the Mediterranean is being covered by materials from North West Europe—Petroleum Argus, London.

SPOT PRICES

	Latest	Ch'ng + or —
CRUDE OIL—FOB ($ per barrel)— Aug.		
Arab Light	27.00-27.10	—
Arab Heavy	24.90-25.00	—
Dubai	25.65-25.75	+0.10
Brent Blend	26.95-27.05	+0.15
W.T.I. (1pm est)	27.80-28.00	—
Forcados (Nigeria)	26.60-26.75	—
Urals. (cif NWE)	25.80-25.95	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	285-287	—
Gas Oil	224-225	+0.5
Heavy fuel oil	130-132	—
Naphtha	257-259	-0.5

*July/August

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	$ U.S. per tonne		
Aug	223.75	+0.25	225.50-23.00
Sep	220.50	—	221.50-20.00
Oct	220.75	—	221.25-19.75
Nov	222.50	—	222.50-22.25
Dec	224.00	-0.50	224.75-24.00
Jan	223.50	—	—

Turnover: 1,480 (1,740) lots of 100 tonnes.

POTATOES

The market opened 50-80p lower but at these lower levels buying interest was evident, particularly on the April position at around £75. In thin volume all months recovered to unchanged during the afternoon, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov.	57.00	57.00	57.00-55.50
Feb.	64.50	65.50	—
Apr.	75.80	75.90	76.20-75.10
May	82.20	82.00	82.20-81.50

PIGMEAT

Increased activity in most positions reflected firm spot prices and followed good physical demand, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Aug.	108.10	107.40	108.40-102.50
Oct.	108.70	108.00	109.20-108.70
Nov.	109.70	108.40	110.00-109.20
Feb.	101.30	100.10	101.50-105.70
April.	101.70	100.10	—
June.	101.80	100.00	100.00

Sales: 85 (134) lots of 50 carcases, 3,250 kgs.

FREIGHT FUTURES

The market opened sharply lower in active conditions, against a background of easier physical business. Nearby October registered a new contract low. January weakened in line but April was stable, reports Clarkson Wolff. The Baltic Freight Index was 748.5, down 6.

	Close	High/Low	Prev.
July	750/755	750	752/755
Oct.	838/839	845/839	850/851.5
Jan.	876/878.5	882/877	887/891
April	930/936	938/937	941/942
July	865/885	—	880/895
Oct.	930/1010	—	970/1000
Jan.	960/1040	—	970/1040
April	1005/1015	—	1010/1050

Turnover: 232 (63).

PARIS

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COCOA—(FFr per 100 kg): July 2250 ask, Sept 2065/2056, Dec 2035/2040, March 2042/2054, May 2045 bid, July 2050 bid, Sept 2056 bid.

SUGAR—(FFr per tonne): Oct 1210/1213, Dec 1215/1230, March 1249/1254, May 1276/1289, Aug 1311/1324, Oct 1347/1368.

U.S. MARKETS

PRECIOUS METALS were featureless on the lack of movement in currencies, reports Heinold Commodities. Copper and aluminium were supported on indications of near term supply tightness in Europe. Sugar traded sharply higher on continuing concerns over shipping delays by Brazil along with dry weather in Cuba. Cocoa benefitted from good physical inquiry along with sympathetic buying and a firm sugar market. Coffee rallied on prospects of a quota cut. Cotton steadied on the lack of fresh news. The grain complex showed modest gains on short-covering, particularly in wheat. The soyabean complex benefitted from reports of better export interest. Reports that the Senate Budget Committee may recommend a levy on crude imports encouraged buying in heating oil.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
July	44.40	44.50	44.40	44.20
August	44.60	—	—	44.40
Sept	44.85	45.00	44.85	44.65
Dec	45.80	46.00	45.80	45.60
Jan	46.10	—	—	45.90
March	46.75	46.85	46.85	46.55
May	47.45	—	—	47.25
July	48.15	—	—	47.95
Sept	48.85	—	—	48.65
Jan	50.25	—	—	50.05

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
Sept	2140	2150	2096	2114
Dec	2175	2189	2139	2153
March	2204	2205	2162	2172
May	2215	2215	2186	2190
July	2240	—	—	2195
Sept	2235	—	—	2206
Dec	2235	—	—	2233

COFFEE "C" 37,500 lb, cents/lb

	Latest	High	Low	Prev
Sept	133.60	134.99	133.05	133.15
Dec	135.75	137.75	135.75	135.86
March	137.00	138.80	137.00	137.41
May	137.80	139.00	137.80	137.85
July	138.60	—	—	138.58
Sept	138.25	—	—	138.68
Dec	139.50	—	—	138.75

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Jluy	62.40	62.95	62.70	62.00
August	62.50	—	—	62.05
Sept	62.90	63.40	62.75	62.50
Dec	63.90	64.40	63.80	63.65
Jan	64.10	—	—	63.90
March	64.60	65.10	64.65	64.45
May	65.00	65.35	65.30	64.85
July	65.40	65.65	65.25	65.25
Sept	65.75	66.25	66.25	65.65
Dec	66.30	66.60	66.40	66.25

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Oct	60.72	60.84	60.15	60.55
Dec	60.68	60.80	60.10	60.44
March	61.00	61.20	60.75	61.10
May	61.00	61.00	60.70	60.80
July	60.15	60.20	59.80	60.00
Oct	55.00	55.00	54.75	54.68
Dec	54.15	54.20	54.05	53.90

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Sept	27.38	27.46	27.15	27.34
Oct	26.78	26.87	26.65	26.70
Nov	26.34	26.42	26.11	26.24
Dec	26.00	26.10	25.75	25.87
Jan	25.71	25.80	25.50	25.58
Feb	25.50	25.50	25.20	25.35
March	25.13	25.15	25.00	25.12
April	24.95	24.95	24.65	24.91
May	24.75	24.55	24.44	24.72

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
July	319.2	—	—	318.9
August	319.6	320.4	316.4	319.3
Sept	321.4	320.3	318.5	321.1
Oct	323.2	323.9	320.0	322.9
Dec	327.2	328.0	323.8	326.9
Feb	331.5	332.5	328.7	331.2
April	335.7	336.6	335.7	335.5
June	340.4	339.8	338.9	340.2
August	345.3	345.7	345.7	345.1
Oct	350.4	352.0	350.0	350.2
Dec	355.7	355.5	355.5	355.5
Feb	361.2	361.0	361.0	361.0
April	366.7	366.0	366.0	366.5

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
August	70.35	70.70	68.90	69.34
Sept	71.00	71.60	69.80	70.22
Oct	71.90	72.35	70.70	71.17
Nov	72.70	73.15	71.55	72.00
Dec	73.40	73.70	72.30	72.76
Jan	73.80	74.05	72.80	73.25
Feb	73.35	73.35	72.80	72.68

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Sept	134.25	135.50	133.80	135.30
Nov	131.20	131.60	131.20	132.30
Jan	128.20	128.75	128.20	129.65
March	128.00	129.50	128.00	129.35
May	127.80	—	—	129.10
July	127.80	—	—	129.10

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
July	273.5	274.0	272.0	272.9
Oct	274.0	275.0	271.0	273.4
Jan	278.3	279.5	276.0	277.7
April	283.2	281.5	281.5	282.6
July	288.5	—	—	287.9

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
July	609.0	613.0	609.0	607.2
August	609.8	—	—	608.3
Sept	614.0	617.5	610.0	612.5
Dec	626.4	630.0	622.5	624.9
Jan	631.0	633.0	633.0	629.5
March	639.7	642.0	635.5	638.2
May	648.8	—	—	647.3
July	658.4	661.0	659.0	656.9
Sept	668.5	—	—	667.0
Dec	684.0	687.0	685.0	682.6

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Sept	3.90	3.90	3.56	3.56
Oct	4.13	4.20	3.79	3.66
Jan	4.37	4.37	4.00	3.90
March	4.69	4.69	4.24	4.19
May	4.82	4.82	4.40	4.32
July	5.05	5.05	4.61	4.56
Sept	5.08	—	—	4.58
Oct	5.25	5.25	4.84	4.75

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
August	52.87	53.25	52.30	52.55
Oct	55.72	56.20	55.35	55.77
Dec	57.30	58.05	57.10	57.80
Feb	58.12	58.80	57.85	58.85
April	59.55	60.30	59.50	60.52
June	60.30	61.30	60.00	61.30

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
August	45.07	45.60	44.95	45.05
Oct	40.65	40.85	40.40	40.57
Dec	42.12	42.50	41.92	42.17
Feb	43.25	43.60	43.20	43.62
April	41.37	41.50	41.00	41.70
June	43.80	43.80	43.50	43.55
July	44.37	44.37	44.25	44.47
August	43.80	43.80	43.80	43.95

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
Sept	239.6	240.6	239.0	241.0
Dec	233.2	234.0	231.6	232.2
March	241.6	242.0	239.6	239.6
May	246.2	246.4	243.6	244.2
July	247.0	247.2	244.6	245.0
Sept	232.4	232.4	230.4	231.0
Dec	222.4	222.6	220.6	220.2

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
August	53.30	53.50	52.45	52.00
Feb	61.92	62.10	61.30	61.20
March	61.25	61.95	61.00	60.55
May	62.40	63.00	62.00	61.85
July	62.40	62.85	62.20	62.00
August	61.05	61.50	60.90	60.85

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
August	540.2	543.0	537.0	539.4
Sept	535.6	538.0	531.2	532.4
Nov	539.4	541.6	534.4	537.4
Jan	549.2	551.4	544.4	546.0
March	559.4	561.4	555.4	556.4
May	566.6	569.0	563.0	564.4
July	570.0	571.4	567.0	567.4
August	565.4	569.4	565.0	564.0
Sept	545.0	545.0	544.0	544.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
August	122.2	124.2	122.0	123.4
Sept	124.8	128.8	124.7	125.7
Oct	127.2	129.0	126.9	127.9
Dec	132.2	133.7	131.6	132.9
Jan	134.4	136.5	134.0	135.2
March	137.5	139.5	137.5	138.1
May	141.1	143.0	140.5	141.5
July	146.5	147.0	146.5	145.8

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
August	26.31	26.38	26.09	26.11
Sept	25.67	25.70	25.42	25.42
Oct	25.16	25.18	24.81	24.81
Dec	24.73	24.74	24.32	24.36
Jan	24.46	24.50	24.15	24.05
March	24.40	24.40	24.00	24.00
May	24.35	24.35	24.00	23.97
July	24.15	24.15	23.95	23.95
August	24.00	24.00	23.90	23.90
Sept	23.75	23.75	23.75	23.60

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Sept	297.2	298.0	293.0	293.0
Dec	306.6	307.4	302.0	301.6
March	306.6	307.0	301.4	301.4
May	296.6	296.4	291.4	291.2
July	276.4	277.0	273.2	273.0
Sept	279.4	—	—	276.0

SPOT PRICES—Chicago loose lard 16.50 (same) cents per pound. New York tin 586.0-591.0 (586.0-688.0) cents per pound. Handy and Harman silver bullion 609.0 (606.5) cents per troy ounce.

OTHER MARKETS

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg.: Oct 604.0, 610.0, 608.0: Dec 609.0, 610.0, 611.0: March 620.0, 626.0, nil: May 626.0, 636.0, nil: July 630.0, 646.0, nil: Oct 618.0, 640.0, nil: Dec 624.0, 645.0, nil: March 627.0, 655.0, nil. Sales: 5.

ROTTERDAM

WHEAT—(U.S. $ per tonne) U.S. No. 2 Soft Red Winter: Aug 128, Sept 132, Oct 135.50, Nov 137.60. U.S. No 2 Northern Spring, 14 per cent protein: Aug 151, Sept 149, Oct 152, Nov 155. U.S. Northern Spring, 15 per cent protein: Aug 161, Sept 158.50, Oct 162, Nov 165. U.S. No. 3 Hard Amber Durum: Aug 160, Sept 156, Oct 160.50, Nov 164.50. Canadian No. 1 Western Red Spring, 13.5 per cent.: Aug 164.50, Sept 163.50, Oct 166. Canadian No. 1 Western Amber Durum: Aug 170, Sept 171, Oct 174, Nov 15/Dec 15 178.

MAIZE—(U.S. $ per tonne) U.S. No. 3 Yellow: Afloat 126, July 126, Aug 124, Sept 118, Oct/Dec 114, Jan/March 117, sellers. Argentine, Plate: Afloat 132, July 132, Aug 133, Sept 133, sellers.

HIDES

HIDES—Manchester (Leeds). Second clears. Ox: 31-35.5 kg, 87.0p a kg 88.2p withdrawn); 26-30.5 kg, 98.0p (100.0p withdrawn); 22-25.5 kg, 104.1p withdrawn (105.0p withdrawn). Cows: under 25.5 kg, 100.2p (101.0p withdrawn).

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 98.33p per kg lw (+1.89). GB—Sheep 159.69p per kg est dcw (+6.59). GB—Pigs 75.48p per kg lw (+0.29).

SMITHFIELD—Pence per pound. Beef Scotch killed sides 76.0-81.0; English hindquarters 89.0-93.0, forequarters 52.0-56.0; Ulster hindquarters 87.0-91.0. Veal—Dutch hinds and ends 141.5-146.5. Lamb—English small 66.0-74.0, medium 64.0-70.0, heavy 64.0-65.0; Scotch medium 66.0-68.0, heavy 63.5-65.0; Imported: New Zealand PL 64.5-65.5, PX 64.0-65.0. Pork—English under 100 lb 44.5-56.0, 100-120 lb 48.5-53.5, 120-160 lb 42.0-48.0.

مكتبة مناهل

هكذا من الأصل

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar rally peters out

The dollar attempted a rally in early New York trading, but failed to sustain a level above DM 2.87 and made no attack on the resistance level of around *DM 2.8850. A rise of 0.5 per cent* in second quarter U.S. non-farm productivity, against a revised fall of 3.1 per cent in the first quarter, gave the dollar a little temporary support, but the lack of any major economic data recently has left the market nervous and confused about the direction of the U.S. economy and interest rates. Last night's weekly U.S. M1 money supply figure was expected to show a *significant fall*, bringing it nearer the Federal Reserve's target range, and possibly proving an important factor, if the U.S. discount rate is to be cut to stimulate the economy.

The dollar finished in London little changed from Wednesday night's levels in New York, but well down from the previous London close, falling to DM 2.8640 from DM 2.8875; FFr 8.7150 from FFr 8.77; SwFr 2.3885 from SwFr 2.3670; and Y238.95 from Y239.75.

On Bank of England figures the dollar's index fell to 138.5 from $138.7.

STERLING — Trading range against the dollar in 1985 is 1.4125 to 1.0525. June average 1.2813. Exchange rate index closed unchanged at 84.1, after *falling to a low of 84.0 at 3 pm. It opened at 84.4, the highest level of the day, and was steady at 83.3 until falling around mid-afternoon.*

Sterling was generally firm, and suffered little reaction from news that the majority of Opec ministers meeting in Geneva *had agreed to a small cut in oil* prices. The June UK trade figures were mildly disappointing, although the current account remained in surplus. The Bank of England's apparent determination to keep London interest rates high at present continued to support the pound, which gained 1.40 cents to $1.4105-$1.4115. Sterling was unchanged at DM 4.0350, and rose to FFr 12.29 from FFr 12.23, and Y337 from Y335, but fell to SwFr 3.2950 from SwFr 3.3075.

D-MARK — Trading range *against the dollar in 1985 is* 3.4510 to 2.8375. June average 3.0639. Exchange rate index 124.7 against 120.3 six months ago.

The D-mark was little changed against the dollar in very quiet Frankfurt trading. The decline in German interest rates gave some support to the dollar, but trading was otherwise trendless, with no new factors influencing the market. Dealers were wary of holding significant positions in such an uncertain market, and most business involved orders for commercial customers. It was also pointed out that a 10-year German Federal loan stock was announced with a *coupon of 6.75 per cent, the first* time such a stock has been offered with a coupon of under 7 per cent this decade. The dollar rose to DM 2.87325 from DM 2.87275 at the Frankfurt close, after a fixing of DM 2.8645 compared with DM 2.8734 on Wednesday. Sterling showed little reaction to news of the Opec majority accord to cut oil prices, rising at the Frankfurt fixing to DM 4.0400 from DM 4.0360.

STERLING INDEX

	July 25	Previous
9.00 am	84.3	84.1
8.30 am	84.4	84.0
10.00 am	84.3	84.1
11.00 am	84.3	84.1
Noon	84.3	84.2
1.00 pm	84.3	84.1
2.00 pm	84.3	84.2
3.00 pm	84.0	84.2
4.00 pm	84.1	84.1

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu July 25	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	45.2051	+0.83	+0.83	NA
Danish Krone	8.12857	8.06893	−0.74	−0.74	NA
German D-mark	2.23840	2.24575	+0.33	+0.33	NA
French Franc	6.86402	6.82626	−0.55	−0.55	NA
Dutch Guilder	2.52208	2.52769	+0.22	+0.22	NA
Irish Punt	0.724578	0.715899	−1.21	−1.21	NA
Italian Lira	1520.60	1501.09	−1.30	−1.30	NA

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

	July 25	Prev. close
£ Spot	$1.4085-1.4100	$1.4085-1.4085
1 month	0.54-0.52 pm	0.52-0.51 pm
3 months	1.30-1.26pm	1.32-1.30 pm
12 months	3.30-3.10pm	3.32-3.23 pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

July 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4010-1.4135	1.4105-1.4115	0.53-0.50c pm	4.39	1.30-1.25pm	3.61
Canada	1.8960-1.9056	1.9049-1.9059	0.57-0.47c pm	3.30	1.34-1.19pm	2.44
Nethlnd.	4.53½-4.55	4.54-4.55	2⅜-2⅛c pm	5.94	6⅝-6⅜pm	5.50
Belgium	81.05-81.43	81.25-81.35	28-23c pm	3.76	65-55pm	2.95
Denmark	14.44½-14.54¾	14.52-14.53	4⅛-3ore pm	2.99	8⅞-7⅝pm	2.23
Ireland	1.2837-1.2887	1.2845-1.2855	0.27-0.17c pm	2.05	0.70-0.48pm	1.85
W. Ger.	4.03-4.04	4.03-4.04	2⅝-2⅜pf pm	7.44	6⅞-6⅝pm	6.69
Portugal	233.43-238.54	234.77-238.46	50-340c dis	−9.89	410-1470dis	−15.81
Spain	233.08-235.99	235.26-235.99	80-160c dis	−12.23	285-410dis	−5.90
Italy	2,688½-2,705¼	2,697-2,698	2 pm-3 lire dis	1.12	4-13dis	−1.26
Norway	11.70¾-11.78	11.77-11.78	⅝ pm-⅜ore dis	−0.38	1⅝-2½dis	−0.67
France	12.24½-12.33	12.28½-12.29½	2⅝-1⅞c pm	2.27	5⅜-4⅞pm	1.64
Sweden	11.77¾-11.83¾	11.82½-11.83½	2⅜-2⅝ore pm	2.66	8⅜-9½dis	−3.04
Japan	336¼-337¾	336½-337½	1⅞-1⅝y pm	0.06	4⅝-4⅜pm	0.05
Austria	28.20-28.42	28.39-28.42	15½-14½gro pm	6.28	41½-37½pm	5.52
Switz.	3.29¾-3.30½	3.29-3.30	2⅞-1⅞c pm	7.28	5⅝-5⅜pm	6.52

Belgian rate is for convertible francs. Financial franc 82.28-82.33.
Six-month forward dollar 2.15-2.10c pm, 12-month 3.20-3.05c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

July 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4010-1.4135	1.4105-1.4115	0.53-0.50c pm	4.39	1.30-1.25pm	3.61
Ireland†	1.0908-1.0982	1.0955-1.0963	0.24-0.19c pm	2.35	0.55-0.42pm	1.77
Canada	1.3483-1.3509	1.3488-1.3498	0.11-0.14c dis	−1.11	0.30-0.35dis	−0.96
Nethlnd.	3.2115-3.2380	3.2275-3.2285	0.49-0.45c pm	1.75	1.57-1.53pm	1.92
Belgium	57.40-57.90	57.55-57.65	2⅝-3⅝c dis	−0.57	7-10dis	−0.59
Denmark	10.25½-10.32½	10.28-10.28½	¼-1¼ore dis	−1.17	2¼-2¾dis	−0.87
W. Ger.	2.8540-2.8760	2.8635-2.8645	0.75-0.70pf pm	3.04	2.27-2.22pm	3.13
Portugal	167-171	169-171	100-350c dis	−16.07	450-1200dis	−19.64
Spain	165.70-167.50	166.50-167.50	100-150c dis	−8.99	325-425dis	−8.99
Italy	1,908-1,922	1,918-1,919	7-8½ lire dis	−10.22	23-26dis	−10.77
Norway	8.29½-8.35	8.33¼-8.33¾	2½-3ore dis	−3.97	8½-9dis	−4.21
France	8.6750-8.7475	8.71¼-8.71¾	1.55-1.70c dis	−2.24	4.30-4.70dis	−2.07
Sweden	8.36-8.40¾	8.38-8.38½	5-5½ore dis	−7.??	13½-14dis	−6.57
Japan	238.50-239.70	238.90-239.00	0.36-0.32y pm	1.70	1.12-1.07pm	1.83
Austria	20.06¾-20.20	20.11-20.13	3½-3gro pm	1.94	10¾-8¾pm	1.89
Switz.	2.3340-2.3550	2.3380-2.3390	0.58-0.52c pm	2.82	1.73-1.63pm	2.87

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 58.25-58.35.

OTHER CURRENCIES

July 25	£	$		£ Note Rates
Argentina Austl.	1.1268-1.1291	0.8000-0.8010	Austria	28.25-28.55
Australia Dollar	1.9865-1.9905	1.4168-1.4178	Belgium	81.50-82.30
Brazil Cruzeiro	8,928.89-8,964.42	6,340-6,360	Denmark	14.45-14.60
Finland Markka	8.4268-8.4469	6.0020-6.0040	France	12.21-12.33
Greek Drachma	185.82-187.54	130.18-132.91	Germany	4.02-4.06
HongKong Dollar	10.8860-10.8990	7.7540-7.7570	Italy	2670-2720
Iran Rial	128.00*	90.25*	Japan	337-341
KuwaitDinar(KD)	0.4230-0.4234	0.30080-0.30116	Netherlands	4.53½-4.58
Luxembourg Fr	82.19-82.33	58.25-58.35	Norway	11.66-11.80
Malaysia Dollar	3.4585-3.4635	2.4635-2.4655	Portugal	228-240
New Zealand Dlr.	2.7165-2.7230	1.9379-1.9417	Spain	225½-237½
Saudi Arab Riyal	5.1290-5.1334	3.6506-3.6511	Sweden	11.76-11.86
Singapore Dollar	3.0930-3.0980	2.2030-2.2050	Switzerland	3.29½-3.32½
Sth African Rand	2.7480-2.8060	1.9821-1.9940	United States	1.40-1.42
U.A.E. Dirham	5.1590-5.1640	3.6720-	Yugoslavia	397-481

* Selling rate.

CURRENCY MOVEMENTS

July 25	Bank of England Index	Morgan Guaranty Change %
Sterling	84.1	−5.7
U.S. dollar	138.5	+24.6
Canadian dollar	87.1	−5.7
Austrian schilling	115.1	+4.1
Belgian franc	90.8	−10.7
Danish Kroner	79.4	−5.8
Deutsche mark	124.7	+7.6
Swiss franc	147.6	+11.8
Guilder	115.0	+3.8
French franc	66.8	−14.3
Lire	44.0	−20.8
Yen	167.3	+13.5

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

July 25	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.728927	0.556415
U.S. $	7½	1.02786	0.784267
Canadian $	9.45	*	1.05837
Austria Sch.	4½	20.6816	15.7795
Belgian Fr	9½	59.2767	45.6130
Danish Kr	7	10.5746	8.06893
D mark	4½	2.94450	2.24575
Guilder	5½	3.31388	2.52769
French Fr	9½	8.95317	6.82626
Lira	15½	1969.12	1501.09
Yen	5	245.556	187.534
Norway Kr	8	8.55950	6.52863
Span'h Pta	—	8.61090	130.306
Swedish K	10½	N/A	6.57686
Swiss Fr	4	2.40694	1.83377
Greek Dr'ch	20½	135.544	103.429
Irish Punt	13¾	N/A	0.715899

* C$/SDR rate for July 23 1.38850.

EXCHANGE CROSS RATES

July 24	Pound St'rling	U.S. Dollar	Deutschem'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.411	4.035	337.0	12.29	3.295	4.545	2698.	1.905	81.30
U.S. Dollar	0.709	1.	2.865	238.8	8.715	2.338	3.228	1918.	1.350	57.62
Deutschemark	0.248	0.350	1.	83.52	3.046	0.817	1.126	669.5	0.472	20.15
Japanese Yen 1,000	2.967	4.187	11.97	1000.	36.47	9.777	13.49	8004.	5.654	241.2
French Franc 10	0.814	1.148	3.283	274.2	10.	2.681	3.698	2195.	1.550	66.15
Swiss Franc	0.303	0.428	1.225	102.3	3.730	1.	1.379	818.7	0.578	24.67
Dutch Guilder	0.220	0.310	0.888	74.13	2.704	0.725	1.	593.5	0.419	17.88
Italian Lira 1000	0.371	0.523	1.496	124.9	4.556	1.222	1.685	1000.	0.706	30.14
Canadian Dollar	0.525	0.741	2.118	176.9	6.450	1.729	2.385	1416.	1.	42.67
Belgian Franc 100	1.230	1.736	4.963	414.5	15.12	4.053	5.590	3318.	2.344	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

July 25	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	12⅝-12¾	7⅜-7½	8-8½	5⅝-5½	¼-½	4⅞-5	9¾-10	10-12	7⅞-8⅛	7⅞-8⅛	6⅛-6⅜	8¼-8¾
7 days' notice	11⅞-12⅛	7¾-7⅞	8⅛-8¾	6⅛-6⅜	¼-½	4⅞-5	9¾-10	10⅛-12⅛	8¼-8½	8⅜-8⅝	6¼-6⅜	9¾-10¼
Month	12¼-12⅜	7⅞-8	8¾-9	6¼-6⅜	5⅛-5⅜	4⅞-5	10-10¼	12-13	8⅝-8⅞	8⅝-8⅞	6⅛-6⅜	9-9½
Three months	11⅞-12	8⅛-8¼	8⅞-9⅛	6⅛-6⅜	5⅛-5⅜	4⅞-5⅛	10¼-10½	12½-13½	8¾-9	8¾-9	6⅛-6⅜	9¼-9¾
Six months	11⅞-11⅞	8⅛-8⅞	9¼-9½	6⅛-6⅜	5⅛-5¼	5⅛-5⅜	10⅛-10⅜	13-14	8⅞-9⅛	8⅞-9⅛	6¼-6⅜	9½-10
One year	11⅝-11⅞	8⅛-8⅜	9½-9¾	6⅛-6⅜	5⅛-5⅜	5⅛-5¼	11¼-11½	13¾-14⅜	9¼-9½	9⅛-9⅜	6¼-6⅜	9¾-10¼

Asian $ (closing rates in Singapore): Short-term 7¾-7⅞ per cent; seven days 7¾-7⅞ per cent; one month 7⅞-8 per cent; three months 8⅛-8¼ per cent; six months 8⅛-8⅜ per cent; one year 8⅜-8⅝ per cent. Long-term Eurodollars: two years 9⅜-9⅝ per cent; three years 10-10¼ per cent; four years 10¼-10½ per cent; five years 10⅜-10⅝ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

Houses reluctant to sell bills

Interest rates remained steady on the London money market yesterday, but discount houses *were again reluctant to sell bills* outright to the Bank of England, in anticipation of a cut in bank base rates in the near future. Three-month interbank was unchanged throughout at 11⅞-11⅞ per cent, and discount houses buying rates for three-month bank bills remained at 11⅛ per cent.

The Bank of England forecast a money market shortage of £80m, and gave total help on the day of £763m.

Before lunch the authorities bought only £10m bills outright, by way of £1m Treasury bills *in band 1 (up to 14 days* maturity) at 11⅞ per cent; and £9m bank bills in band 2 (15-33 days) at 11⅞ per cent.

In the afternoon further assistance of £753m was provided, when the Bank of England purchased £153m bills outright, through £149m bank bills in band 2 at 11⅞ per cent; and £4m bank bills in band 3 (34-63 days) at 11¾ per cent. Another £600m bills were bought for resale to the market on August 5 at 11⅞-12 per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,037m, with a rise in the note circulation absorbing £35m, and bank balances below target another £30m. These outweighed Exchequer transactions adding £320m to liquidity.

Temporary facilities available to the banking system from the Bank of England, totalling £3.5bn are to be renewed from July 31 and August 5 to September 3 and 9. The action is designed to help relieve money market shortages caused by a flow of funds into the Exchequer. Further relief may also be provided in coming weeks.

In Frankfurt call money fell to 4.85 per cent from 5.00 per cent, the lowest level for more than two years. The Bundesbank has also cut the rate at which it offers banks three-day Treasury bills to 4.5 per cent from 4.8 per cent. This was a decision taken at the last Bundesbank council meeting last Thursday, before the four week summer break. The rate for call money fell yesterday as banks were prepared to offer funds to the market on news that the Bundesbanks' minimum reserve requirement for July would be DM 47.5bn, compared with average holdings over the first 23 days of the month of DM 47.9bn.

UK clearing banks base-lending rate 12 per cent since July 11-16.

MONEY RATES

July 25	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	4.80-4.90	9⅝	⅞-1⅛	6⅛-6⅜	6.34375	14½-14⅞	5.66	11¼-11½
One month	5.05-5.20	9⅝-9¾	5⅛-5¼	6⅛-6⅜	6.28125	14⅛-14⅜	8⅝-8⅞	11¼-11½
Two months	5.05-5.20	9⅛-9⅜	—	—	—	—	—	11¼-11¼
Three months	5.05-5.20	9¾-9⅞	5⅛-5¼	6⅛-6⅜	6.28125	14⅛-14⅞	8¾-9	10⅞-11⅛
Six months	5.10-5.30	9⅞-10	—	6⅛-6¼	—	—	8⅞-9⅛	10¾-11
Lombard	6.0	—	—	—	—	—	—	—
Intervention	—	9⅝	—	6⅝	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

July 25 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	1-12¾	12¼-12⅝	11½-13	1-12	—	—	—	—	—
2 days notice	—	—	12½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅝-12¾	12⅜-12½	12¾-12⅞	12⅛	—	—	—	—	—
One month	12⅛-12⅛	12¼-12⅜	12¼	12⅛	12	11⅞	11⅞	11⅞	11⅞	12⅛
Two months	11⅞-11⅞	11⅞-12	11⅞	12⅛	11⅝	11⅞	11⅞	11⅞	11⅞	12⅛
Three months	11¾-11⅝	11⅞-11⅞	11¾	12⅛	11½	11⅞	11⅞	11⅞	11¾	11⅞
Six months	11¼-11⅛	11⅞-11⅞	11½	—	—	—	—	10⅞	10⅞	11⅞
Nine months	11⅛-11⅛	11⅛-11⅛	—	—	—	—	—	—	—	—
One year	11⅛-10⅞	11⅛-11⅛	11⅛	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	12⅝-12⅜	—	12¼	7.8-7.9	7¾-8	8⅝-8⅞
Two months	12¼-12	—	12	7.85-7.95	7¾-8	8⅝-8⅞
Three months	12⅛-11⅞	—	11⅞	7.9-8.0	7¾-8	8⅞-9⅛
Six months	11⅞-11⅞	—	11⅝	8.1-8.2	7⅞-8⅛	8¾-9
Nine months	11¾-11½	—	11½	8.4-8.5	—	—
One year	11⅞-11⅛	—	11⅝	8.5-8.6	7⅛-8⅜	8⅞-9⅛
Two years	—	11⅛	—	—	—	—
Three years	—	11⅛	—	—	—	—
Four years	—	11⅛	—	—	—	—
Five years	—	11	—	—	—	—

ECGD Fixed Finance IV: Average Rate of Interest period June 5 to July 2 (inclusive): 12.535 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 13 per cent from July 1 1985. London and Scottish Clearing Bank Rate for lending 13 per cent. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (net). Treasury Bills: Average tender rate of discount 11.1326 per cent. *Certificates of Tax Deposits* (Series 6): Deposits £100,000 and over held under one month 12 per cent; one-three months 11½ per cent; three-six months 11½ per cent; six-nine months 11¼ per cent; nine-12 months 11⅛ per cent. Under £100,000 10⅛ per cent from July 18. Deposits held under Series 5 11⅛ per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	9½
Broker loan rate	8½-8⅝
Fed funds	7⅛
Fed funds at intervention	—

Treasury Bills

One month	6.90
Two month	7.05
Three month	7.21
Six month	7.36
One year	7.49

Treasury Bonds

Two year	99[illegible]
Three year	101½
Four year	99[illegible]
Five year	99[illegible]
Seven year	100
10 year	104[illegible]
30 year	105[illegible]

FT LONDON INTERBANK FIXING

(11.00 a.m. July 25)

3 months U.S. dollars	
bid 8⅛	offer 8¼

6 months U.S. dollars	
bid 8⅛	offer 8⅜

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Prices weak

Prices weakened in dull and confused trading on the London International Financial Futures Exchange yesterday. September Eurodollars opened slightly lower at 91.97, and were taken down to 91.71 before the Chicago opening. Chicago pushed the price up to 91.75 again, encouraged by a low Federal funds rate of 7⅛ per cent, *before the contract was* driven down again to a low of 91.69. It closed at 91.71, compared with 91.77 on Wednesday. U.S. Treasury bonds for September delivery also opened weaker at 75-23, and fell to a low of 75-07, slightly above a major support level of 75-05. Dealers suggested there may be too much buying interest around this level to test the support, but if the contract should fall below 75-05 it may slide much lower.

Wednesday's two-year note auction was regarded as slightly disappointing, and may have encouraged some selling ahead of the $21bn refunding package to be announced next week.

Three-month sterling deposits *for September delivery, opened* quite firm and touched a peak of 88.75, where traders were generally prepared to take profits. This pushed it back down to a low of 88.66, and the contract closed almost unchanged on the day at 88.70 compared with 88.69. Gilts tended to follow U.S. bonds down, pushed by selling from one of the stock-jobbers.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Sept	91.71	91.75	91.69	91.77
Dec	91.29	91.32	91.25	91.34
March	90.86	90.88	90.84	90.91
June	90.46	90.49	90.44	90.56
Sept	90.11	—	—	90.21

Estimated volume 5,013 (5,133)
Previous day's open int 18,853 (18,853)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
Sept	88.70	88.75	88.66	88.72
Dec	89.40	89.43	89.36	89.38
March	89.56	89.56	89.51	89.55
June	89.60	89.59	89.54	89.59

Estimated volume 1,565 (970)
Previous day's open int 6,963 (6,963)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
Sept	112-12	112-21	112-07	112-15
Dec	112-17	112-22	112-22	112-20
March	112-30	—	—	113-50

Estimated volume 1,357 (1,474)
Prveious day's open int 3,972 (3,972)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) −25 to −15 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	1.3994	1.4053	1.3945	1.3955
Dec	1.3985	1.3936	1.3860	1.3845
March	1.3820	—	—	1.3775

Estimated volume 921 (107)
Previous day's open int 3,054 (3,054)

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
Sept	0.3499	0.3512	0.3494	0.3484
Dec	0.3530	—	—	0.3514

Estimated volume 426 (22)
Previous day's open int 456 (456)

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Sept	0.4289	0.4291	0.4287	0.4240

Estimated volume 7 (4)
Previous day's open int 181 (181)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Sept	0.4187	0.4200	0.4183	0.4183

Estimated volume 304 (6)
Previous day's open int 466 (466)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
Sept	122.75	123.85	122.50	123.80
Dec	123.85	—	—	124.60

Estimated volume 457 (183)
Previous day's open int 1,594 (1,594)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	75-11	75-23	75-07	75-28
Dec	74-09	74-18	74-10	74-25
March	73-09	—	—	73-24

Estimated volume 2,169 (2,298)
Previous day's open int 3,009 (3,009)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	75-09	75-16	75-06	75-19
Dec	74-06	74-15	74-04	74-17
March	73-08	73-15	73-07	73-19
June	72-13	72-17	72-11	72-24
Sept	71-18	71-25	71-17	71-31
Dec	70-30	71-01	70-30	71-09
March	—	—	—	70-22
June	—	—	—	70-05
Sept	—	—	—	—
Dec	—	—	—	69-06
March	—	—	—	68-24

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	92.73	92.75	92.70	92.73
Dec	92.42	92.43	92.38	92.41
March	92.05	92.05	92.04	92.04
June	91.71	91.71	91.71	91.70
Sept	91.39	91.39	91.39	91.40
Dec	91.11	91.11	91.11	91.12
March	90.85	90.85	90.85	90.87
June	—	—	—	90.66

CERT DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	—	92.06	92.01	92.04
Dec	91.62	91.63	91.59	91.62
March	—	—	—	91.17
June	—	—	—	90.77

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	91.72	91.75	91.69	91.73
Dec	91.29	91.32	91.26	91.29
March	90.85	90.88	90.83	90.85
June	90.46	90.47	90.44	90.45
Sept	90.11	90.11	90.08	90.09
Dec	89.76	89.78	89.76	89.76

STERLING (IMM) $s per £

	Latest	High	Low	Prev
Sept	1.4050	1.4102	1.4050	1.4085
Sept	1.4036	1.4045	1.3930	1.3995
Dec	1.3935	1.3940	1.3845	1.3895
March	1.3900	1.3900	1.3780	1.3835
June	1.3700	—	1.3700	1.3765

GNMA (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	74-24	74-30	74-22	75-01
Dec	74-00	74-08	74-00	74-08
March	—	—	—	—
June	—	—	—	73-02
Sept	—	—	—	72-15

LIFFE OPTIONS REPORT

Sterling Currency—£25,000 c per £
Sterling's brief recovery registered a good trading volume.

Est volume Calls	Est volume Puts	Previous day's open interest Calls	Previous day's open interest Puts
407	499	8312	4004

Eurodollar Futures—points of 100%
Slightly easier underlying futures registered a moderate volume.

Est volume Calls	Est volume Puts	Previous day's open interest Calls	Previous day's open interest Puts
210	30	570	520

For full details of settlement prices call:
Louisa Powell of LIFFE on 01-623 0444
LIFFE, ROYAL EXCHANGE, LONDON EC3V 3PJ

Company Notices

Clubs

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, July 24, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise *indicated. All currencies are quoted in foreign currency units* per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all *listed foreign currencies, and neither Bank of America NT & SA* nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of July 24 at 11.00 a.m.
3 months: 8$\frac{3}{16}$ 6 months: 8⅜

ECU=$US.781681 SDR1=$US1.02679
Sibor as of July 24 at 11.00 a.m.
3 months: 8¼ 6 months: 8⅜

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60
Albania	Lek	7.1937
Algeria	Dinar	4.938
Andorra	Fr. Franc	8.73
	Sp. Peseta	166.625
Angola	Kwanza	29.918
Antigua	E. Caribbean $	2.70
Argentina	Austral (8)	0.805
Australia	Dollar	1.4069
Austria	Schilling	20.175
Azores	Port. Escudo	167.75
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is	Sp. Peseta	166.625
Bangladesh	Taka	28.25
Barbados	Dollar	2.0113
Belgium	Franc (c)	57.805
	Franc (f)	58.315
Belize	Dollar	2.00
Benin	C.F.A. Franc	436.50
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	11.91
Bolivia	Peso (o)	75000
	Peso (f)	850000
Botswana	Pula (f)	1.6849
Brazil	Cruzeiro (o)	6290.00
Brunei	Dollar	2.2049
Bulgaria	Lev	1.035
Burkina Faso	C.F.A. Franc	436.50
Burma	Kyat	8.2865
Burundi	Franc	119.498
Cameroun Rp	C.F.A. Franc	436.50
Canada	Dollar	1.3507
Canary Is	Sp. Peseta	166.625
Cape Verde Is.	Escudo	89.2698
Cayman Is.	Dollar	0.836
Cen. Africa Rep.	C.F.A. Franc	436.50
Chad	C.F.A. Franc	436.50
Chile	Peso (o) (9)	171.09
China	Renminbi Yuan	2.8778
Colombia	Peso (o)	145.18
Comoros	C.F.A. Franc	436.50
Congo Ppls Rep. of	C.F.A. Franc	436.50
Costa Rica	Colon	50.85
Cuba	Peso	0.9311
Cyprus	Pound*	1.6926
Czechoslovakia	Koruna (o)	6.92
Denmark	Krone	10.32
Djibouti Rp. of	Franc	168.859
Dominica	E. Caribbean $	2.70
Domin. Rep.	Peso	1.00
	Peso (d)	2.99
Ecuador	Sucre (o,c)	67.18
	Sucre (d)	112.55
	Sucre (f)	95.75
Egypt	Pound	0.83
	Pound (c)	1.26
El Salvador	Colon	2.50
	Colon (d)	4.02
Eq'tl Guinea	C.F.A. Franc (4)	436.50
Ethiopia	Birr (o)	2.0655
Faeroe Is	Dan. Krone	10.32
Falkland Is	Pound*	1.404
Fiji	Dollar	1.1334
Finland	Markka	6.02
France	Franc	8.73
Fr. C'ty in Af	C.F.A. Franc	436.50
Fr. Guiana	Franc	8.73
Fr. Pac. Is	C.F.P. Franc	158.727
Gabon	C.F.A. Franc	436.50
Gambia	Dalasi	3.5613
Germany (E)	Ostmark (o)	2.872
Germany (W)	Mark	2.872
Ghana	Cedi (2)	53.00
Gibraltar	Pound*	1.404
Greece	Drachma	131.40
Greenland	Dan. Krone	10.32

COUNTRY	CURRENCY	VALUE OF DOLLAR
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	8.73
Guam	U.S. $	1.00
Guatemala	Quetzal (o)	1.00
	Quetzal (h, i)	3.03
Guinea Bissau	Peso	147.325
Guinea Rep	Syli	24.0413
Guyana	Dollar	4.12
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
	Lempira (d)	2.55
Hong Kong	Dollar	7.7585
Hungary	Forint	49.571
Iceland	Krona	41.18
India	Rupee	11.91
Indonesia	Rupiah	1118.00
Iran	Rial (o)	89.8921
Iraq	Dinar	0.3109
Irish Rep	Punt*	1.0925
Israel	Shekel (10)	1471.00
Italy	Lira	1921.00
Ivory Coast	C.F.A. Franc	436.50
Jamaica	Dollar (o) (5)	5.76
Japan	Yen	239.15
Jordan	Dinar	0.3776
Kampuchea	Riel	n.a.
Kenya	Shilling	15.462
Kiribati	Aust. Dollar	1.4069
Korea (Nth)	Won	0.94
Korea (Sth)	Won	876.00
Kuwait	Dinar	0.3012
Lao P'ple D. Rep	Kip	35.00
Lebanon	Pound	15.705
Lesotho	Maloti	1.8922
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	2.3602
Luxembourg	Lux. Franc	57.805
Macao	Pataca	8.065
Madagascar D. R.	Franc	599.926
Madeira	Port. Escudo	167.75
Malawi	Kwacha 8	1.6978
Malaysia	Ringgit	2.4645
Maldive Is	Rufiya	7.00
Mali Rp	C.F.A. Franc	436.50
Malta	Lira*	2.2099
Martinique	Franc	8.73
Mauritania	Ouguiya	67.16
Mauritius	Rupee	15.10
Mexico	Peso (d)	367.50
	Peso (e)	232.84
Miquelon	Fr. Franc	8.73
Monaco	Fr. Franc	8.73
Mongolia	Tugrik (o)	3.3555
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	9.90
Mozambique	Metica	42.658
Namibia	S.A. Rand	1.8922
Nauru Is	Aust. Dollar	1.4069
Nepal	Rupee	18.30
Netherlands	Guilder	3.2312
Neth Ant'les	Guilder	1.80
New Zealand	Dollar	1.8904
Nicaragua	Cordoba	10.00
	Cordoba (d)	600.00
Niger Rp	C.F.A Franc	436.50
Nigeria	Naira	0.895
Norway	Krone	8.354
Oman Sultanate of	Rial	0.3456
Pakistan	Rupee	16.0078
Panama	Balboa	1.00
Papua N.G.	Kina	0.9816

COUNTRY	CURRENCY	VALUE OF DOLLAR
Paraguay	Guarani (o.c.)	240.00
	Guarani (d)	657.50
Peru	Sol (o)	12274.
Philippines	Peso	18.66
Pitcairn Is	N.Z. Dollar	1.8904
Poland	Zloty (o) (3)	158.23
Portugal	Escudo	167.75
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.641
Reunion, Ile de la	Fr. Franc	8.73
Romania	Leu (o)	4.44
	Leu (c)	12.42
Rwanda	Franc	100.031
St. Christopher	E. Caribbean $	2.70
St. Helena	Pound*	1.404
St. Lucia	E. Caribbean $	2.70
St. Pierre	Fr. Franc	8.73
St. Vincent	E. Caribbean $	2.70
Samoa (Western)	Tala	2.2148
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1921.00
Sao Tome & Principe DR	Dobra	44.0695
Saudi Arabia	Riyal (7)	3.65
Senegal	C.F.A. Franc	436.50
Seychelles	Rupee	7.0458
Sierra Leone	Leone	6.00
Singapore	Dollar	2.2048
Solomon Is	Dollar	1.5129
Somali Rep	Shilling	36.60
South Africa	Rand	1.8922
Spain	Peseta	166.625
Span Ports in N. Africa	Sp. Peseta	166.625
Sri Lanka	Rupee	27.171
Sudan Rep	Pound (10)	2.50
Surinam	Guilder	1.785
Swaziland	Lilangeni	1.8922
Sweden	Krona	8.414
Switzerland	Franc	2.3602
Syria	Pound (o)	3.925
Taiwan	Dollar (o)	40.26
Tanzania	Shilling	17.00
Thailand	Baht	26.88
Togo Rep	C.F.A. Franc	436.50
Tonga Is	Pa'anga	1.4069
Trinidad & Tobago	Dollar	2.409
Tunisia	Dinar	0.8115
Turkey	Lira	521.25
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	1.4069
Uganda	Shilling	595.20
United Arab Emir.	Dirham	3.673
Utd. Kingdom	Pound Sterling*	1.404
Uruguay	Peso (m)	101.12
USSR	Rouble	0.823
Vanuatu	Vatu	107.13
Vatican	Lira	1921.00
Venezuela	Bolivar (g)	7.50
	Bolivar (g) (1)	4.30
	Bolivar (o)	14.04
	Bolivar (d)	13.48
Vietnam	Dong (o) (6)	97.3912
Virgin Is. British	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	7.35
Yemen PDR	Dinar	0.343
Yugoslavia	Dinar	279.03
Zaire Rep.	Zaire	50.46
Zambia	Kwacha	2.2321
Zimbabwe	Dollar	1.4925

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (a) Freemarket central bank. (o) Official rate. (b) Freemarket interbank. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (g) Preferential Rates. (h) Non-essential imports. (i) Floating tourist rate. (1) Venezuela: For debts incurred prior to February 1983. (2) Ghana: April 19, Official devaluation of 5.6 per cent. (3) Poland, June 1: Official devaluation of 13.2 per cent. (4) Equatorial Guinea: December 31, Currency joins Franc zone. (5) Jamaica: November 8, Rate adjustment fixed by Central Bank bi-weekly auction. (6) Vietnam: Official devaluation effective April 22. (7) Saudi Arabia: June 10, Official devaluation of 1.1 per cent. (8) Argentina June 15: New currency introduced 1 Austral equals 1,000 Pesos. (9) Chile June 29: Official devaluation of 7.8 per cent. (10) Israel July 1: Official devaluation of 18.8 per cent. (11) Italy July 21: Official devaluation of 8 per cent within the EMS. (12) Mexico July 11: New free rate introduced to replace old free rate. For further information please contact your local branch of the Bank of America.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
99	97¾	Treas 8¾pc Cnv '85	99	+	8.79	12.15
101	99	Exch 12¼pc 1985	100¼		12.23	11.45
101	99	Exch 11¼pc '86	100¼xd		11.72	11.32
99½	97	Treas 10pc Cnv 1986	99		10.08	11.12
95¼	92¼	Treas 3pc 1986	95¼		3.15	9.15
100	97	Exch 10½pc Cv 86	99½	−	10.55	11.07
101⅞	99¼	Treas 12pc 1986	100⅞	−	11.90	10.86
98¼	94¼	Treas 8¾pc 1984-86‡‡	98	−	8.67	10.73
103	102	Exch 14pc 1986	103½	−	13.53	10.86
93	87	Exch 2½pc 1986	93		2.68	8.00
104	101	Exch 13¼pc 1987	103xd	−	12.84	10.84
99½	96	Treas 10½pc Cv '87	99¼xd	−	10.33	10.78
91	85	Exch 2½pc 1987	91xd		2.73	8.39
99⅞	96¼	Exch 10½pc 1987	99	−	10.55	10.83
93¼	89	Funding 6½pc '85-87‡‡	93	−	6.94	10.48
98	95½	Treas 10pc 1987	98	−	10.13	10.76
90¼	84¼	Treas 3pc 1987	90	+	3.33	8.52
102	99⅛	Treas 12pc 1987	102	−⅛	11.76	10.89
94	90¼	Treas 7¾pc 1985-88‡‡	94⅛xd		8.23	10.46
99	95⅛	Exch 10½pc '88	99	−	10.59	10.82
97	93⅛	Treas 9¾pc Cv '88	97⅛	−	10.04	10.92
86⅛	80	Transport 3pc '78-88	86¼		3.48	8.38
96⅛	91½	Treas 9½pc '88	95	−	9.90	10.99
101	97	Treas 11½pc 1989	101xd	−	11.32	10.96
95	90¾	Treas 9½pc Cnv '89	95	−	9.94	10.96
80⅞	79	Treas 3pc 1989	80	−	3.71	9.07
98¼	94	Treas 10½pc 1989	98	−	10.32	10.97
97⅛	92	Exch 10pc 1989	96xd	−	10.32	10.97
100¼	95	Exch 11pc 1989	100¼	−⅛	10.99	10.93
85	79	Treas 5pc 1986-89	84½		5.90	9.45

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for November 1984: 356.6 and for June 1985: 376.4.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
120	70	♥Colby Res Corp	72	....	—	—	—
550	410	Cons. Murch. 10c	420xd	+10	†Q100c	1.4	9.4
40	24	♣Ennex Int Ir10p	24	–1	—	—	—
215	118	Hampton Areas 10p	118	–5	3.75	♦	4.4
260	135	♥Highwood Res	145	...	—	—	—
£22½	£17½	Homestake Mining $1	£18¼	+⅛	Q20c	—	7.9
310	190	♥McFinley Red Lake	215	–5	—	—	—
300	195	♥Musto Explorations	230	–7	—	—	—
55	23	♥New Sabina Res C$1	45	....	—	—	—
375	245	Northgate C$1	290	+3	—	—	—
635	537	RTZ	538	...	20.0	2.7	5.3
£145½	£116½	Do 9½pcLn '95-2000	£117½	+1	Q9½%	14.0	f8.1
£14⅛	£10	♥Tara Expln $1	£10½	–½	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited
- ♥ Not officially UK listed, dealings permitted under Rule 535(4)(a).
- ♣ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ∮ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	96	...	Arnott	173	–7
Craig & Rose £1	700	...	CPI Hldgs	56	.....
Finlay Pkg. 5p	61	.	Carroll Inds.	139	.....
Higsons Brew	235	+10	Dublin Gas	70	.....
Holt (Jos) 25p	720	.	Hall (R. & H.)	56	.....
IoM Stm. £1	83	–2	Heiton Hldgs.	19	–1
IRISH			Irish Ropes	48	.....
Fund 11¼% 1989	£103⅛	+¼	Jacob (W.& R.)	80	....
Nat. 9¼% 84/89	£97⅛xd	+¼	Unidare	87	....
Fin. 13% 97/02	£110¼	+1			

"Recent Issues" and "Rights" Page 30
(International Edition Page 32)

LONDON STOCK EXCHANGE

MARKET REPORT

Corporate profits outlook worries equities which fall to lowest since early-December

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
July 15	July 25	July 26	Aug 5
July 29	Aug 8	Aug 9	Aug 19
Aug 12	Aug 29	Aug 30	Sept 9

* "New-time" dealings may take place from 9.30 am two business days earlier.

Worries about the outlook for corporate profits togeher with the Confederation of British Industry's strong warning on economic prospects sent blue chip industrials to new lows for the year in London yesterday. Disappointing mid-term figures from chemical giant ICI emphasised recent fears of the unfavourable effect a stronger pound is having on the overseas earnings of many major trading groups. A net profit of £535m was at the lowest end of market estimates and, with the accompanying statement on current trading being non-committal, the shares weakened 30 to 660p compared with a 1985 high of 880p.

Ahead of the mid-session announcement from ICI equities had retreated on the CBI view that the high level of interest rates was threatening the economic recovery. Leading shares fell further when fresh sales found the market unreceptive in the continued absence of any real offtake. Double-figure losses became commonplace and the FT Ordinary share index at 3.00 pm was 15.3 points lower. Towards the official close, professional covering of short positions eased the situation and the index closed a net 15 down at its lowest level since early-December at 911.0.

Sterling provided no help, continuing to move within a narrow trading range against the dollar, while news of the UK trade deficit in June added to the prevailing mood of despondency. A report that the U.S. administration had lowered its official forecast for economic growth this year to around 3 per cent aroused little interest in the after-hours' business.

Equities, however, were not the only weak market sector. South African Gold mining and industrials shares took another pounding, the heaviest since the State of Emergency was declared last weekend. The deteriorating situation in that country led to nervous selling from many international centres and heavyweight Golds sustained falls stretching to almost 7 points. As a result, the FT Gold Mines index tumbled to the lowest point for nearly three years.

FNFC rise

Conventional Government stocks, after resisting for much of the session, were finally caught up in the depression. Turnover was again light but in late afternoon buyers withdrew and longer-dated issues eased to close ⅜ down on balance. From the outset, index-linked Gilts extended Wednesday's brighter tone and although interest faded after a brisk start all stocks held their gains, which ranged to ¼.

Perennial bid favourite **First National Finance Corporation** provided an isolated firm spot in the banking sector, rising 4 to 102p on Press speculation of an imminent bid from Bass. The major clearing banks failed to hold early gains of around 5 or so, being dragged lower in the surrounding malaise. **NatWest**, which is scheduled to start the interim dividend season next Wednesday, retreated from 685p to close unaltered at 678p. **Standard Chartered**, still depressed by the South African situation, dropped 10 more for a decline on the week so far of 50 to 445p.

Regional advertising agency **Moss Advertising Group** made a disappointing debut in the Unlisted Securities Market; the shares, expected to realise a premium of about 5p, opened at the placing price of 105p and drifted steadily lower in the absence of support to close at the day's lowest of 95p.

Following Bond Corporation's full bid for Castlemaine Tooheys, **Allied-Lyons**, which holds a 24 per cent stake in Castlemaine, opened higher at 222p, but subsequently drifted off to close a penny cheaper on the day at 218p. The unresolved strike at the company's Runcorn Brewery continued to depress **Bass**, down 6 more at 528p. Elsewhere, **Distillers** weakened 5 afresh to a year's low of 270p.

Reports that the Construction industry was showing signs of a recovery encouraged early support for selected Buildings, but the resulting modest gains were eventually replaced by small net falls on the day. **Costain** settled 4 cheaper at 426p and **Taylor Woodrow** 5 off at 450p, but **AMEC** ended a couple of pence firmer at 272p, after 274p. **RMC** were a dull market at 374p, down 8. Elsewhere, **C. H. Beazer** rose 6 to 400p helped by a broker's circular, while **Rowlinson** attracted occasional buying interest and added 3 at 38p. Among Timbers, **Meyer International** fell 5 to 135p following the chairman's cautious comments at the annual meeting, but **Phoenix Timber** gained 6 to 120p on revived takeover hopes.

ICI apart, losses among Chemical issues were relatively modest.

Stores were mainly dull, but the **Burton/Debenhams** bid situation provided a focal point and both companies' shares were briskly traded in the wake of news that House of Fraser had further increased its Debenhams stake to 12.76 per cent. **Burton** were finally 7 lower at 437p, while **Debenhams** closed 3 cheaper at 310p.

Sec. Centres advance

Leading Electricals participated in the retreat. **Plessey** led the way with a fall of 8 to 139p, while **BICC** cheapened 6 to 190p. **Thorn EMI** gave up 5 at 319p, **GEC** softened 4 to 168p and **British Telecom** declined 3 at 179p. **Racal** fell 4 to 128p on further consideration of stockbroker Scott Goff's downgraded profits forecast. Elsewhere, **Ferranti** continued to reflect a recent adverse circular and dropped 10 more to 108p. **CASE** remained depressed by a recent chart "sell" recommendation and lost 12 more for a fall of 43 on the week so far at 165p. **BSR** came on offer at 40p, down 5, but **Security Centres** responded to surprise news of the share exchange offer from **Automated Security** with a rise of 13 to 115p; AS gave up 5 to 152p, while **Aitken Hume**, the owner of a 10 per cent stake in SC, added 6 at 143p.

R. Cartwright were outstanding in Engineerings, rising 26 to 176p as Hill Samuel, working in concert with unwelcome bidder **Newman Tonks**, attempted to increase the latter's stake in Cartwright to the maximum 15 per cent ahead of today's final closing date of the contested share-exchange, or cash alternative, offer; **NT** hardened a penny to 86p. **Bullough** advanced 12 to 232p on buying ahead of Monday's interim results, and **Meggitt** hardened a couple of pence to 97p in response to bumper first-half profits. **Woodhouse and Rixson** hardened 1½ more to 37½p, after 38p, after comment on the excellent results, while **Vosper** revived with a gain of 10 to 155p. **TI** moved up 5 further to 330p on hopes of a bid from **Evered**, 2 easier at 250p. **McKechnie Bros**, however, fell 13 to 112p and **Dalta** gave up 4 to 136p on concern about their South African interests. The leaders drifted lower for want of support. **Vickers** slipped 8 at 242p, while **Babcock** declined 5 to 121p.

Celtic Haven good

Falls among the miscellaneous industrial leaders ranged to 12. **BTR** lost that much at 303p, while **Beecham** receded 10 to 315p and **Glaxo** ¼ at £12¼. **Boots** failed to draw encouragement from the chairman's confident address at the annual meeting and closed 5 easier at 179p. Elsewhere, **Bowater**, at 303p, lost 10 of the previous day's late spurt of 37, which greeted confirmation of Hanson Trust's interest in the company. **Turner and Newall** reflected concern about its South African interests with a fall of 3 to a 1985 low of 81p, while cautious Press comment unsettled **Pearson**, down 18 to 305p. **De La Rue** slipped 40 to 790p on sporadic offerings ahead of today's annual meeting. **British Aerospace** continued to express concern about the future of the European fighter aircraft project, in which it has a 25 per cent interest, and lost 8 more to 295p. Currency considerations prompted a fall of 6 to 273p in **Reuters "B,"** but **Celtic Haven** jumped 10½ to 83p on consideration of the acquisition news and the encouraging statement which accompanied the annual results. **Philip Harris** jumped 20 to 152p in belated response to news of W. Canning's acquisition of a near-8 per cent stake in the company.

Comment in the American Press stimulated strong U.S. demand for **Jaguar** which rose 7 to 259p, after 260p. In sharp contrast, **A.E.**, a weak market on Wednesday following a broker's profits downgrading, fell a further 7 to 115p on worries about the company's South African interests.

Properties ignored the surrounding gloom. The leaders made further progress before settling a shade below the best. **Land Securities** settling 3 dearer at 276p, after 277p. **Greycoat City Offices** continued to attract buyers at 198p, up 6.

Sentiment in South Africans deteriorated further. **Barlow Rand** were especially weak and dropped 40 more to 400p while **OZ Bazaars** dipped a further 25 to 500p and **South African Breweries** 12 to 300p.

Imperial emerged as a late firm feature in Tobaccos, touching 174p prior to closing a net 5 up at 170p on the announcement that Marriott Hotels along with Prime Motor Inns Inc of the U.S. had reopened discussions with the company for the possible purchase of its Howard Johnson subsidiary.

Oils subdued

The Oil sector remained in the doldrums as the four-day meeting of Opec oil ministers in Geneva was concluded with a majority agreement of 10 to three on cuts of 50 cents a barrel for heavy crude and 20 cents a barrel for medium crude. **Ultramar** edged up to 213p early on following a Press suggestion of a possible bid from Shell but later eased to close a net 3 lower at 207p. The 25 per cent jump in interim profits boosted Norway's **Norsk Hydro** 22 to 912p.

Golds slump

The market in South African mining issues suffered its biggest single-day setback since October 1983. Selling pressure, triggered by the recent outbreaks of civil unrest and the subsequent imposition of a state of emergency in many areas of the country, continued to gather momentum. Hard on the heels of Monday and Wednesday's big double-figure losses the Gold Mines index slumped a further 39.1, its lowest point since the beginning of September 1982 and a fall on the week so far of 74.7.

Gold shares were major casualties from the outset as overnight U.S. selling followed through into London. This, and a fresh wave of selling from London and Continental operators saw values move sharply lower throughout the session, despite one or two minor attempts at a rally. Modest support was forthcoming from Johannesburg during the morning when the Rand held up well against other currencies, but when the South African currency succumbed in the early afternoon gold shares fell afresh and eventually ended the day at or around their lowest levels. **"Amgold"** were severely affected and plunged £6⅞ to £54⅜ while **Randfontein** slumped £6½ to £64½. Elsewhere in the leaders **Driefontein** ran back £2½ to £12⅞, **President Brand** £2⅜ to £14, and **St Helena** dropped around 200 to 984p. Cheaper-priced issues were highlighted by **Unisel**, 118 down at 470p, **Durban Deep**, which lost 141 at 709p.

South African Financials were similarly dealt with. **De Beers** slumped 36 to 346p and **Anglo American Corporation** fell over 100 to 950p, while **Gold Fields of South Africa** settled 137 down at 975p. **"Johnnies"** dropped £5 to £77 and **Minorco** gave up 20 at 610p.

The sell-off in Golds prompted equally heavy pressure on the London-registered **Consolidated Gold Fields**, which dropped a further 28 to a year's low of 452p. **Rio Tinto-Zinc**, escaped relatively unscathed, despite the company's considerable South African interests, but **Hampton Areas** lost 5 at a 1985 low point of 118p.

The Platinums sector endured buffeting with ...**Rustenburg** finally 80 lower at 550p, despite the good preliminary figures. **Impala** lost 50 at 650p and **Lydenburg** 40 at 450p.

"Down-under" golds continued to take advantage of the political problems surrounding South Africa and recorded further strong gains. In the leading group, **Gold Mines of Kalgoorlie** and **Central Norseman** advanced 20 apiece to 527p and 473p respectively, while **Poseidon** jumped 13 to 208p and **North Kalgurli** 5 to 47p. Secondary Golds showed gains ranging from 6 to 9, these including **Australian Consolidated Minerals**, 87p, **Carr Boyd**, 93p, and **Southern Resources**, 118p. **Metana Minerals** reflected further consideration of the drilling report from Mount Magnet in Western Australia and jumped 20 more to 144p. **Bond Corporation** hardened 1½ to 72p following the A$1bn full bid for Castlemaine-Tooheys.

Volume in Traded Options increased slightly with 8,171 contracts completed, compared with the previous day's 6,412.

FINANCIAL TIMES STOCK INDICES

	July 25	July 24	July 23	July 22	July 19	July 18	year ago
Government Secs....	83.14	83.25	83.29	82.96	83.08	83.39	76.42
Fixed Interest.......	88.30	88.29	88.26	88.14	88.15	88.26	80.89
Ordinary ♥	911.0	926.0	921.1	935.3	935.4	932.8	777.5
Gold Mines..........	330.2	369.3	386.7	385.2	404.9	407.2	514.0
Ord. Div. Yield	5.08	5.01	5.03	5.01	4.97	4.99	5.27
Earnings, Yld. % (full)	12.68	12.50	12.55	12.51	12.40	12.45	12.05
P/E Ratio (net) (*).....	9.63	9.77	9.73	9.76	9.85	9.81	9.97
Total bargains (Est.)	19,875	20,326	19,500	19,358	19,850	19,753	17,411
Equity turnover £m.	—	279.88	238.98	252.96	300.67	414.0	238.05
Equity bargains.......	—	13,882	15,343	14,791	14,932	16,505	14,441
Shares traded (ml)....	—	139.9	138.3	129.5	169.5	205.6	159.1

♥ 10 am 922.0. 11 am 919 6. Noon 913.5. 1 pm 911.8. 2 pm 910 8 3 pm 910.7. 4 pm 911.8.

Day's High 924 6. Day's Low 910.7.

Basis 100 Govt. Secs. 15/10/28. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=9 31.

† Corrected.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.56 (17/7)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int...	88.30 (25/7)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary ...	1024.5 (22/1)	911.0 (25/7)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	330.2 (25/7)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	July 24	July 23
Daily		
Gilt Edged Bargains....	142.6	148.6
Equities Bargains....	89.9	99.4
Value........	565.7	574.0
5 day Average		
Gilt Edged Bargains	153.8	160.8
Equities Bargains	97.7	100.1
Value	619.1	695.5

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
AE	115	−7
Beecham	315	−10
Boots	179	−5
Bowater Industries	303	−10
Celtic Haven	83	+10½
Commercial Union	205	−3
GRE	715	—
ICI	660	−30
Jaguar	259	+7
NatWest. Bank	678	—
Pearson	305	−18
Vaal Reefs	£56⅞	−2⅛

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	12	78	18
Corpns, Dom. and Foreign Bonds	13	9	56
Industrials	171	368	930
Fin. and Props.	49	172	335
Oils	24	22	82
Plantations	1	3	14
Mines	42	77	60
Others	30	116	96
Totals	342	845	1,591

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (16)

BUILDINGS (2)
Baggeridge Brick Rowlinson
STORES (1)
Ratners (Jewellers)
ELECTRICALS (1)
Breville Europe
ENGINEERING (1)
Robinson (Thomas)
INDUSTRIALS (4)
Bestwood Reed Executive
Harris (Ph.) Willaire Systems
LEISURE (1)
Chrysalis
PAPER (1)
Wace
PROPERTY (1)
Rosehaugh
TRUSTS (2)
City & Coml. Inc. M&G 2nd Dual Cap.
MINES (2)
Carr Boyd Minerals Southern Resources

NEW LOWS (149)

AMERICANS (18)
CANADIANS (2)
BANKS (2)
BREWERS (1)
CHEMICALS (4)
STORES (1)
ELECTRICALS (14)
ENGINEERING (6)
INDUSTRIALS (16)
LEISURE (4)
MOTORS (1)
SHOES (1)
SOUTH AFRICANS (4)
TEXTILES (2)
TRUSTS (22)
OILS (5)
OVERSEAS TRADERS (1)
PLANTATION (1)
MINES (44)

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
§59	F.P.	9/8	60	56	♣ATA Selection 5p	58	.....	bg1.5	2.6	3.7	15.6
180	F.P.	2/8	235	223	Abbey Life 5p	226	.....	b6.6	—	4.2	—
‡138	F.P.	2/8	140	130	♣Appletree 10p	135	.....	b2.5	3.9	2.7	13.1
50	F.P.	12/8	50	47½	Baillie G'f'd Shin Npn.	47½	−½	—	—	—	—
§75	F.P.	24/7	87	78	♣Blanchards 10p	80	.....	b2.1	1.6	3.7	13.1
170	F.P.	22/8	172	165	Bradstock 5p	170	.....	bg5.25	2.4	4.4	12.8
130	F.P.	24/7	134	99	Brent Walker 10p	110	.....	b3.5	2.9	4.5	9.6
375	200	10/9	253	128	British Aerospace 50p	128	−4	13.65	3.1	6.4	5.6
‖ ‖	F.P.	—	48	43	♣Cannon Street Invs.	43	.....	—	—	—	13.2
**	F.P.	12/7	12	8	Clive Discount Wrrts.	10	.....	—	—	—	—
‖ ‖	F.P.	30/8	100	100	♣CobraEmer'ldMines	100	.....	—	—	—	—
§70	F.P.	12/7	80	74½	♣Cranbrook Elect. 5p	77	.....	b1.5	5.9	2.8	10.6
**	F.P.	—	105	75	Expln. Co. Louisiana	85	+10	—	—	—	—
§140	F.P.	6/9	160	150	♣FKB Group 5p	150	.....	1.75	3.2	1.7	25.8
160	F.P.	26/7	120	95	First Security 10p	95	.....	u3.5	2.6	5.0	9.4
§88	F.P.	9/8	90	79	♣Goodhead Print 20p	80	.....	b3.0	2.2	5.4	9.8
Ir.97	F.P.	26/7	77	68	Green Property Ir. 25p	68	.....	12.57	1.5	5.8	25.7
‖ ‖	F.P.	—	460	380	♣Heavitree Brewery	390	.....	10.75	1.9	3.9	18.2
‖ ‖	F.P.	—	450	370	Do. 'A' Lim. Vtg. Ord.	370	.....	10.75	1.9	4.1	17.9
*125	F.P.	9/9	188	128	Isotron	155	.....	bg1.25	6.9	1.1	32.1
**	F.P.	9/8	47	44	London Tst. Wrrts.	46½	.....	—	—	—	—
‡44	F.P.	—	55	46	♣Micha'l(J)Design 2½p	53	+3	1.0	3.6	2.7	14.7
120	F.P.	25/7	115	100	Micro Scope 10p	100	.....	b1.5	4.2	2.1	14.0
§5	F.P.	—	105	95	♣Moss Advertising 5p	95	.....	bg2.45	3.0	3.7	13.0
50	F.P.	26/7	50½	48½	Nordic Inv. Trust 10p	48½	−½	—	—	—	—
‡170	F.P.	9/8	170	138	♣Pacer Systems $0.01	138	−2	bg6.8c	—	2.2	—
41	F.P.	9/7	47½	36	♣Perkins(J.)Meats 10p	36	.....	b.g1.8	2.0	7.1	9.5
‡99	F.P.	9/8	117	102	♣Polypipe 10p	112	.....	b2.9	2.7	3.7	14.0
‡138	F.P.	19/7	142	126	♣Prontaprint 10p	129	−1	b1.8	3.1	2.0	26.1
115	F.P.	21/8	125	103	Salvesen (Christian)	123	.....	2.875	2.2	3.3	19.2
150	F.P.	9/8	125	98	♣Sapphire Petm. 50p	98	−2	—	—	—	—
‖ ‖	F.P.	12/7	425	305	Sturge Hldgs 20p	335	.....	b6.0	2.4	2.6	26.2
§73	F.P.	—	77	74	♣Trilion 10p	74	.....	bg1.1	4.2	2.1	14.7

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
**	F.P.	—	97½	96½	Boddingtons 9½% Cv. Uns. Ln. 2000/05/	96½	.....
[illegible]	Nil	11/9	¼pm	¼pm	C. H. Industls. 7% Cnv. Cum. Prf.	¼pm	.....
‖ ‖	F.P.	—	198	185	♣Cannon St. Invs. 7.7% Cv. Cm. Rd. Pf. '94-9	185	.....
‖	F.P.	12/8	101p	94p	Euro. Ferries 6.75% Cv. Rd. Cum. Prf.	96p	.....
50p	‖	27/9	45½p	41p	Hanson Tst. 5.75% Cnv. Cum. Red. Prf	43p	.....
88.456	£30	—	30⅛	29¾	Intl. Bk. for Rec. & Dev. 9½% Ln. 2010	30¼	−⅛
‖	Nil	15/9	½pm	½pm	Juliana's 7½% Cnv. Uns. Ln. 2000-02	½pm	.....
§99.855	£26	—	25½	25	Keystone Invs. 11⅝% Deb. 2010/15	25½	.....
§99.028	F.P.	23/9	100½	99½	Lowland Inv. 11½% Deb. 2010	99½	−½
‖	Nil	—	1pm	1pm	Macallan-Glen. 6¾ Cnv. Uns. Ln. 2005.	1pm	.....
90.705	£30	6/9	33⅞	29¾	Malaysia 10¾% Ln. 2009	33⅞	−⅛
99.99	F.P.	26/7	104¼	100	Mansfield Brewery 11½% Deb. 2010	104	−¼
—	F.P.	26/7	100⅜	100	Nationwide Bldg. Soc. 12⅛% 30/6/86	100⅜	.....
—	F.P.	—	100⅛	100⅛	Do. 11⅛% Bds. 21/7/86	100⅛	.....
100	F.P.	—	112	108½	Oldham Met. Borough 12.4% Rd. 2022	111¼	.....
**	F.P.	26/7	125p	121p	Port. & Sund. 10½% 2nd. Cum. Prf.	125p	.....
**	F.P.	—	100	96	REA 9% Cum. Pref.	100	+4
‡100	£10	5/9	11⅛	10⅜	Sund. & S.Sh'lds. Wtr. 11.8% Rd. Db. '95/97	11⅛	.....
‡100	£10	19/9	11¼	10⅜	West Hampshire Wtr. 11.8% Rd. Db. '95/97	11⅛	.....
‡100	£10	19/9	11⅛	10⅜	York Wtr. 11.8% Red. Deb. 1995/97	11⅛	.....

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
165	Nil	13/9	15pm	4pm	Baker Perkins 50p	4pm	−1
180	Nil	—	52pm	40pm	Bestwood 15p	52pm	+12
33	F.P.	16/8	37½	30	♣Bio-Isolates	33	.....
145	F.P.	2/8	175	160	♣Blue Arrow	160	.....
100	Nil	30/8	2pm	¼pm	♣Cobra Emerald Mines	¼pm	.....
290	Nil	—	48pm	25pm	Extel	25pm	−6
186	100	28/10	123	99	Hanson Trust	104	.....
210	F.P.	4/9	410	390	Hazlewood Foods 20p	396	.....
250	F.P.	6/9	295	265	London United 20p	276	−3
285	F.P.	9/8	323	297½	Mills & Allen	323	.....
77	Nil	28/8	¾pm	½pm	New Cavendish 5p	½pm	.....
120	Nil	30/8	8pm	5pm	Prestwich	5pm	.....
600	F.P.	20/8	700	645	Union Discount £1	690	.....
A$1.25	Nil	—	5pm	2pm	♥Woodside Pet. A$0.50	2pm	−1

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters or fully paid. ‖‖ Introduction. ♣ Unlisted Securities Market. § Placing price. †† Dealt in under Rule 535 (3). Dealt in under Rule 535 (4)(a).

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
July 8	July 19	Oct 10	Oct 21
July 22	Aug 2	Oct 24	Nov 4
Aug 5	Aug 16	Nov 7	Nov 18

For rate indications see end of Share Information Service

Call options were taken out in STC, Carpets International, First Land Oil and Gas, BSG International, Falcon Resources, Crest Nicholson, Hawley, Osceola, Tozer Kemsley and Millbourn, Eglinton Oil, Bowater, Brunswick, BSR, Hill Minerals and Whim Creek. No puts or doubles were arranged.

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
CASE	16	177	−10
Extel (nil-paid)	12	31pm	−17
Glaxo	11	£12¼	+0¼
Beecham	10	325	+2
Bell (Arthur)	10	240	−5
Br. Aerospace†	10	132	−3
BP	10	510	+2
Britoil	10	205	+4
Cns. Gold Fds.	10	480	−3
Mt. Charlotte	10	87	+1½
Royal Insce.	10	685	—
Stand. Chartd.	10	455	−3
Debenhams	9	313	—
RTZ	9	538	+4

† Partly-paid.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur July 25 1985 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Wed July 24 Index No.	Tues July 23 Index No.	Mon July 22 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (205)	483.30	−1.6	11.70	4.67	10.77	8.47	491.23	489.14	491.20	463.99
2	Building Materials (22)	522.85	−0.8	12.68	5.07	9.69	9.87	526.91	527.67	527.66	422.82
3	Contracting, Construction (29)	806.35	—	12.43	5.12	10.39	16.69	806.33	806.65	802.08	611.23
4	Electricals (14)	1297.77	−1.4	12.17	5.66	10.44	31.82	1316.49	1311.68	1323.25	1424.84
5	Electronics (38)	1292.49	−2.6	11.75	3.75	11.26	16.06	1326.52	1310.57	1316.88	1656.88
6	Mechanical Engineering (62)	263.85	−1.0	12.41	5.33	9.82	5.36	266.58	265.51	268.03	236.65
8	Metals and Metal Forming (7)	179.22	−1.9	13.84	8.67	9.07	4.13	182.69	181.59	180.88	172.86
9	Motors (16)	149.44	−0.3	14.43	5.61	8.60	3.20	149.85	150.64	151.73	115.81
10	Other Industrial Materials (17)	842.93	−2.6	8.32	3.97	14.56	14.56	865.88	863.66	868.96	604.41
21	CONSUMER GROUP (177)	629.13	−0.9	10.18	4.15	12.19	10.41	634.87	632.24	636.25	472.44
22	Brewers and Distillers (24)	604.77	−0.6	11.62	4.72	10.88	8.61	608.46	608.14	613.50	488.46
25	Food Manufacturing (21)	471.62	−0.1	12.53	5.16	10.11	11.86	472.13	471.98	474.74	371.45
26	Food Retailing (14)	1491.65	−0.8	6.04	2.80	21.87	12.87	1504.09	1495.62	1504.06	1099.90
27	Health and Household Products (9)	990.16	−1.7	6.78	2.99	17.29	11.23	1006.90	995.14	1000.87	774.51
29	Leisure (22)	591.46	−0.5	9.69	5.57	13.55	13.45	594.67	592.80	594.80	529.13
32	Newspapers, Publishing (12)	1718.51	−0.1	8.95	4.50	14.38	37.18	1720.43	1708.03	1728.49	1186.19
33	Packaging and Paper (13)	329.51	−0.8	10.74	4.52	11.04	6.10	332.14	325.07	330.12	217.75
34	Stores (42)	628.49	−1.1	8.08	3.43	16.75	9.30	635.53	634.16	635.19	406.07
35	Textiles (17)	299.90	−1.7	15.85	5.36	7.15	7.25	304.96	305.86	307.60	247.75
36	Tobaccos (3)	767.49	−1.1	18.95	5.60	5.95	17.44	775.67	774.48	784.75	598.95
41	OTHER GROUPS (101)	644.87	−1.5	10.05	4.36	12.62	11.15	654.47	654.17	657.48	416.85
42	Chemicals (19)	657.14	−3.0	15.65	5.63	7.90	15.59	677.54	674.34	673.43	554.31
44	Office Equipment (4)	186.31	−1.7	8.58	4.72	13.91	3.58	189.44	187.66	187.24	125.39
45	Shipping and Transport (12)	1099.68	−1.1	8.99	4.78	13.81	25.43	1112.42	1099.76	1100.91	816.00
46	Miscellaneous (64)	790.32	−0.9	8.05	4.03	15.16	10.79	797.53	796.94	799.20	574.13
48	Telephone Networks (2)	827.38	−1.1	9.04	3.92	14.78	13.20	836.99	840.20	849.02	0.0
49	INDUSTRIAL GROUP (483)	601.54	−1.2	10.51	4.33	11.92	10.23	609.03	607.11	610.43	466.26
51	Oils (17)	1094.26	—	17.10	7.67	7.19	38.38	1094.23	1089.98	1106.47	952.47
59	500 SHARE INDEX (500)	642.84	−1.1	11.39	4.78	10.96	12.49	649.78	647.66	652.03	506.95
61	FINANCIAL GROUP (115)	460.94	−0.3	—	5.15	—	10.03	462.47	461.31	464.94	366.85
62	Banks (6)	473.82	−0.2	16.32	6.13	8.74	11.71	474.62	473.51	477.82	351.10
65	Insurance (Life) (9)	714.71	−0.7	—	4.54	—	14.71	719.45	720.43	728.66	506.58
66	Insurance (Composite) (7)	358.48	−0.5	—	5.45	—	8.53	360.40	360.72	364.43	278.47
67	Insurance (Brokers) (7)	1009.26	−1.3	9.30	4.10	14.37	20.10	1022.27	1018.14	1029.39	776.94
68	Merchant Banks (11)	228.11	−0.5	—	4.83	—	4.92	229.28	229.59	227.93	185.76
69	Property (50)	605.98	+0.6	6.18	3.90	21.71	9.28	602.23	599.34	600.01	552.19
70	Other Financial (25)	261.65	−1.1	9.40	6.20	13.00	7.33	264.61	261.34	264.54	228.26
71	Investment Trusts (107)	561.61	−0.8	—	3.91	—	9.28	566.23	564.84	565.42	462.35
81	Mining Finance (3)	249.91	−2.1	12.99	6.13	8.93	5.29	255.32	255.61	259.13	257.38
91	Overseas Traders (14)	603.58	−1.3	12.53	6.55	9.59	20.59	611.36	609.66	612.81	502.85
99	ALL-SHARE INDEX (739)	591.23	−1.0	—	4.83	—	11.70	596.93	595.12	599.12	470.61

	Index No.	Day's Change	Day's High	Day's Low	July 24	July 23	July 22	July 19	July 18	Year ago
FT-SE 100 SHARE INDEX	1221.7	−14.5	1234.9	1221.7	1236.2	1233.1	1241.1	1252.5	1248.6	999.1

FIXED INTEREST

	PRICE INDICES	Thur July 25	Day's change %	Wed July 24	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	118.56	−0.06	118.63	—	6.71
2	5-15 years	131.81	−0.24	132.13	—	8.11
3	Over 15 years	138.88	−0.26	139.24	—	6.87
4	Irredeemables	150.55	—	150.55	—	7.27
5	All stocks	129.98	−0.18	130.21	—	7.50
6	Debentures & Loans	112.25	−0.20	112.47	—	6.08
7	Preference	79.76	−0.15	79.88	—	3.64
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	110.11	+0.24	109.85	—	1.95

	AVERAGE GROSS REDEMPTION YIELDS		Thur July 25	Wed July 24	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	10.12	10.18	11.85
2		15 years	10.22	10.19	11.46
3		25 years	10.23	10.19	10.82
4	Medium Coupons	5 years	11.01	10.96	12.88
5		15 years	10.56	10.51	11.96
6		25 years	10.10	10.08	11.13
7	High Coupons	5 years	11.10	11.05	12.92
8		15 years	10.69	10.65	12.10
9		25 years	10.19	10.17	11.20
10	Irredeemables†		10.03	10.01	10.72
11	Debs & Loans	5 years	11.48	11.45	12.82
12		15 years	11.38	11.34	12.91
13		25 years	11.27	11.24	12.93
14	Preference†		12.39	12.37	13.42
15	Inflation rate	5%	3.65	3.67	3.96
16		10%	3.46	3.47	3.76

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$300	—	—	6	30			$317.80
GOLD C	$320	—	—	12	17.50	6	26 A	"
GOLD C	$340	14	1.50	12	8.60	20	15 A	"
GOLD C	$360	10	0.50	3	4			"
[illegible]								

TOTAL VOLUME IN CONTRACTS 28,193

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
B.P. (*511)	460	68	—	—	6	—	—
	500	34	48	56	20	27	30
	550	14	26	38	50	55	68
	600	6	16	—	95	100	—
[illegible]							

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Lonrho (*164)	140	25	—	—	1½	—	—
	160	6	12	18	5	7½	9
	180	1	5	9	20	22	23
P. & O. (*356)	330	35	46	55	3	7	11
	360	12	25	35	12	20	23
[illegible]							

July 25 Total Contracts 8,171. Calls 5,198. Puts 2,973
*Underlying security price

WORLD STOCK MARKETS

AUSTRIA

July 25	Price Sch%	+ or —
Creditanstalt	346	—2
Goesser	520	—1
Interunfall	1,560	—5
Laenderbank	342	—1
Perlmooser	576	......
Steyr-Daimler	189	+4
Veitscher Mag	641	—13

BELGIUM/LUXEMBOURG

July 25	Price Frs.	+ or —
B.B.L.	2,030	—10
Banq. Gen Lux	6,500	......
Banq. Int. A. Lux	6,020	......
Bekaert B.	5,700	—10
Ciment CBR	2,285	+10
Cockerill	205	—1
Delhaize	6,780	+80
EBES	2,920	—10
Electrobel	6,570	+60
Fabrique Nat	1,995	......
GB Inno BM	3,690	—25
GBL (Brux)	1,836	—25
Gevaert	4,000	......
Hoboken	5,460	—10
Intercom	2,285	+5
Kredietbank	8,950	+40
Pan Hldgs	10,300	—200
Petrofina	6,600	—10
Royale Belge	12,250	......
Soc. Gen. Banq	3,350	—30
Soc. Gen. Belge	1,800	......
Sofina	7,200	......
Solvay	4,460	—65
Stanwick Intl	1,400	......
Tractionel	5,710	—25
UCB	6,020	......
Wagon Lits	2,970	—10

DENMARK

July 25	Price Knr %	+ or —
Andelsbanken	340	—2
Baltic Skand	695	+5
CopHandelsbank	335	......
D. Sukkerfab	505	......
Danske Bank	363	—2
De Danske Luft	1,290	—5
East Asiatic	259	—1
Forenede Brygg	915	......
Forenede Damp	166	+8
GNT Hldg	414	......
I.S.S.B.	475	+5
Jyske Bank	780	—10
Novo Ind B	1,775	......
Privatbanken	334	—3
Provinsbanken	385	......
Smidth (F.L.) B	283	......
Sophus Berend	1,145	......
Superfos	476	......

FRANCE

July 25	Price Frs.	+ or —
Emprunt 4½% 1973	1,581	—19
Emprunt 7% 1973	8,275	......
Accor	262	—8
Air Liquide	612	—8
BIC	501	—14
Bongrain	1,770	—50
Bouygues	800	—11
BSN Gervais	2,250	+10
CIT-Alcatel	1,190	—6
Carrefour	2,125	—15
Club Mediter'n	544	—2
Cie Bancaire	617	—7
Cofimeg	285	+1
Damart	1,865	+20
Darty	1,596	+26
Dumez S.A.	760	—7
Eaux (Cie Gen)	646	—10
Elf Aquitane	184.1	—0.9
Essilor	2,138	—62
Gen. Occidentale	708	—4
Imetal	95.5	—2.6
Lafarge Coppee	538	—1
L'Oreal	2,370	—40
Legrand	2,220	—25
Maisons Phenix	209	—11.1
Matra S.A.	1,565	—36
Michelin B	1,120	—29
Midi (Cie)	2,815	+15
Moet Hennessy	1,841	—4
Moulinex	85.5	—1.5
Nord Est	89	—1.3
Pernod Rica	710	—6
Perrier	510	—6
Petroles Fra	205	—3
Peugeot S.A.	357	—4
Printempts Au	272	—5
Radiotech	274	—6
Redoute	1,400	—17
Roussel Uclaf	1,520	—20
Sefimeg	359	+4
Skis Rossignol	1,418	—1
Telemec Elect	2,475	—60
Thomson CSF	526	—4
Valeo	230	+5

GERMANY

July 25	Price Dm.	+ or —
AEG-Telef	127.5	—1.5
Allianz Vers	1,570	—29
BASF	215	—1.5
Bayer	215	—1.5
Bayer-Hypo	352	—9
Bayer-Verein	395	—3
BHF-Bank	322	—4
BMW	402	—8.5
Brown Boveri	230	—3.5
Commerzbank	213.8	—6.2
Cont'L Gummi	145.5	+0.5
Daimler-Benz	831.xd	—2.5
Degussa	366	+2
D'sche Babcock	155	+2.5
Deutsche Bank	561	—13.5
Dresdner Bank	269	—9
GHH	166.5	+4
Hochtief	605	—6
Hoechst	212.9	—2.4
Hoesch Werke	108.5	—3.3
Holzmann (P)	431	......
Horten	181	—2
Hussel	312	—5.5
Karstadt	233	—0.8
Kaufhof	268	—1.5
KHD	281	—5
Kloeckner	62.2	—0.3
Linde	487xr	......
Lufthansa	219	—2.5
MAN	166.5	—1.5
Mannesmann	188.5	—4
Mercedes Hld	738	—20
Metallgesell	253	—5.5
Muench Rueck	1,930	......
Nixdorf	520.5	—6.5
Porsche	1,285	—20
Preussag	273	+2.5
Rhein West Elect	176	—3.5
Rosenthal	256	+2
Schering	460.7	+3.2
Siemens	530.1	—7.9
Thyssen	115.5	—2
Varta	224.5	—1
Veba	226.8	—0.2
V.E.W.	133.6	—0.9
Verein-West	333	—2
Volkswagen	291.5	—6

ITALY

July 25	Price Lira	+ or —
Banco Com'le	23,295	—605
Bastogi-IRBS	227	—6
B.I-Invest	4,850	+30
Centrale	3,115	—135
Credito Varesino	4,320	—30
Fiat	4,000	—84
Finsider	—	......
Generali Assicur	54,200	—1300
Italcementi	45,310	—690
La Rinascente	845	—10
Montedison	2,003	—42
Olivetti	5,898	—2
Pirelli Co	5,235	—95
Perelli Spa	2,975	—36
Sapiem	6,866	—186
Snia BPD	3,282	—69
Toro Assic	16,900	—900
do Pref	12,300	—650

NETHERLANDS

July 25	Price Fls	+ or —
ACF Holding	233	+1
AEGON	101.1	+0.2
Ahold	240.3	+0.5
AKZO	122.6	—0.2
ABN	502.5xr	+1.5
AMEV	273.1	—2.2
AMRO	88.7	+0.4
Bredero Cert	163	+1
Bos Kalis Westm	20.2	......
Buehrmann-Tet	94.5	+2
Calland Hldgs	37.3	+1.2
Dordtsche Pet'm	175.8	+2.8
Elsevier NDU	129	—1
Fokker	70.5	—1.9
Gist Brocades	212.8	+1.3
Heineken	153.6	+0.8
Hoogovens	66.7	—0.7
Int Mueller	52.2	—0.1
KLM	61	—1.2
Naarden	49	+0.2
Nat Ned Cert	77.2	+0.7
Ned Mid Bank	213	—1.5
Nedlloyd	174.5	—1
Oce Grinten	349	—0.5
Ommeren (Van)	28.9	—0.1
Pakhoed	64.4	+0.1
Philips	48.9	+0.3
Robeco	76.2	—0.4
Rodamco	131.8	+0.3
Rolinco	69.4	—0.3
Rorento	45.9	+0.1
Royal Dutch	196.8	+2.5
Unilever	353	+2
VMF Stork	240.5	+0.5
VNU	215.2	+2.2
Wessanen	180.5	—0.7
West Utr Bank	99.6	......

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. ≠ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

July 23	Price Kroner	+ or —
Bergens Bank	145	+1
Borregaard	420	—2.5
Christiania Bank	141	+1.5
DenNorske Cred	143	+0.5
Elkem	130	......
Kosmos	212.5	—2.5
Kvaerner	168.5	—1.5
Norsk Data	358	—6
Norsk Hydro	104.5	......
Storebrand	266	+3

SPAIN

July 24	Price Pta%	+ or —
Bco Bilbao	354	......
Bco Central	316	......
Bco Exterior	200	......
Bco Hispano	152	—1
Bco Popular	340	......
Bco Santander	343	+2
Bco. Vizcaya	455	......
Dragados	145	+1
Hidrola	75	+1.5
Iberduero	91.2	+1.2
Petroleos	130	+0.5
Telefonica	118	......

SWEDEN

July 25	Price Kronor	+ or —
AGA	115	—1
Alfa-Laval B	197	......
ASEA (Free)	315	......
Astra (Free)	445	+15
Atlas Copco	107	—2
Cardo (Free)	237	—2
Cellulosa	125	—1
Electrolux B	280	—1
Ericsson B	248	—3
Essette	360	—5
Mo och Domsjo	167	—1
Pharmacia	206	—6
Saab Scania Free	405	—5
Sandvik	410	+10
Skandia	340	+2
Skan Enskilda	52	......
SKF	227	—2
St Kopparbergs	138	......
Sonesson	152	......
Sven Handlesbn	167	......
Swedish Match	205	......
Volvo B (Free)	251	......

SWITZERLAND

July 25	Price Frs.	+ or —
Adia Intl	3,405	—15
Alusuisse	825	......
Bank Leu	3,830	+10
Brown Boveri	1,750	+15
Ciba Geigy	3,610	—15
do. (Part Certs)	2,690	—10
Credit Suisse	2,990	......
Elektrowatt	3,270	+20
Fischer (Geo.)	890	—35
Hoff-Roche PtCts	96,375	+375
Hoff-Roche 1/10	9,650	+25
Jacobs Suchard	6,600	+30
Jelmoli	2,760	......
Landis & Gyr	1,950	+14
Nestle	6,725	......
Oer-Buehrle	1,550	+5
Pirelli	362	—2
Sandoz (Br)	9,000	......
Sandoz (PtCts)	1,405	—30
Schindler (Pt Cts)	860	+20
Sika	1,300	—50
Surveillance	5,450	+240
Swissair	1,375	—5
Swiss Bank	481	—4
Swiss Reinsce	12,750	+50
Swiss Volksbk	1,800	—10
Union Bank	4,380	—10
Winterthur	4,640	+40
Zurich Ins	25,425	—25

AUSTRALIA

July 25	Price Aust $.	+ or —
ANZ Group	5.36	+0.04
Alliance Oil Dev.	1.05	......
Ampol Pet	1.9	......
Ashton	1.32	+0.06
Aust. Cons. Ind	2.76	—0.04
Aust. Guarantee	2.75	......
Aust. Nat. Inds	2.74	+0.02
APM	2.9	—0.05
Bell Group	8.0	—0.1
Bell Res	7.3	+0.2
Bond Corp Hldgs	1.45	+0.05
Boral	3.65	+0.09
Bougainville	2.2	+0.07
Brambles Inds	3.95	—0.01
Bridge Oil	2.5	—0.06
B.H. Prop	6.56	—0.04
CRA	6.3	+0.08
CSR	3.16	+0.01
CastlemaineTys	7.6	—0.08
Coles (G.J.)	4.05	......
Comalco "A"	2.1	—0.08
Consolidated Pet	0.3	......
Costain Aust	1.78	+0.03
Dunlop Olympic	2.7	+0.05
Elders IXL	3.15	—0.05
Energ Res	1.7	+0.05

AUSTRALIA (continued)

July 25	Price Aust.$	+ or —
Gen. Prop. Trust	2.22	+0.0
Hardie (James)	3.18	—0.0
Hartogen Energy	2.25xc	—0.0
Herald W'y Times	4.9	+0.0
ICI Aust	2.06	......
Jimberlana F.P.	0.27	—0.0
Kia Ora Gold	0.14	+0.0
Lend Lease	7.0	......
MIM	2.9	......
Mayne Nickless	3.2	+0.01
Myer Emporium	3.12	......
Nat. Aust. Bank	4.78	—0.01
News	6.8	+0.1
Nicholas Kiwi	2.1	+0.1
North Bkn Hill	2.35	+0.05
Oakbridge	1.1	+0.02
Pancontinental	2.02	+0.07
Pioneer Conc	1.96	—0.01
Poseidon	4.2	+0.35
Queensland Coal	1.73	—0.03
Reckitt & Colman	3.8	......
Repco	1.3	+0.01
Santos	5.6	......
Smith (Howard)	4.98	......
Thos. Natwide	2.2	......
Tooth	6.08	+0.08
Vamgas	3.85	......
Western Mining	4.37	+0.17
Westpac Bank	4.9	......
Woodside Petrol	1.3	—0.01
Woolworths	3.52	+0.06
Wormald Intl	3.93	+0.01

HONG KONG

July 25	Price H.K.$	+ or —
Bank East Asia	23.0	+0.7
Cheung Kong	18.2	+0.3
China Light	16.5	+0.1
Evergo	0.83	......
Hang Seng Bank	46.25	—1.0
Henderson Land	2.10	......
HK China Gas	11.3	+0.1
HK Electric	8.9	+0.05
HK Kowloon Wh.	6.85	+0.2
HK Land	6.6	+0.15
HK Shanghai BK.	7.55	......
HK Telephone	10.0xc	+0.15
Hutchison Wpa	27.2	+0.4
Intnl. City	0.97	+0.02
Jardine Math	13.2	+0.7
New World Dev	7.85	+0.1
Orient O'seas	2.15	+0.05
SHK Props	13.3	+0.1
Shell Elect	1.09	+0.14
Swire Pac A	26.3	+0.3
TV—B	8.0	+0.15
World Int. Hldgs.	2.35	+0.1

JAPAN

July 25	Price Yen	+ or —
Ajinomoto	1,140	—20
Alps Electric	1,270	—20
Amada	771	—27
Asahi Chem	845	—4
Asahi Glass	841	—19
Bridgestone	566	+6
Canon	903	—43
Casio Comp	1,370	—40
Chugai Pharm	910	—10
Citizen	402	—3
Daiei	700	......
Dai Nippon Ptg	1,090	—10
Daiwa House	768	+18
Ebara	449	—23
Eisai	1,230	......
Fanuc	7,060	—170
Fuji Bank	1,780	—20
Fuji Film	1,820	—60
Fujisawa	840	+5
Fujitsu	878	—7
Green Cross	2,080	—100
Hasegawa	487	+7
Heiwa Real Est	849	—4
Hitachi	685	—15
Hitachi Credit	1,120	—10
Honda	1,410	—60
House Food	751	......
Hoya	1,530	—80
Itoh (C)	442	+3
Ito. Yokado	2,710	+20
Iwatsu	801	......
JACCS	353	+2
JAL	7,910	—110
Jusco	863	+7
Kajima	445	+6
Kao Soap	821	+1
Kashiyama	763	+12
Kirin	651	—19
Kokuyo	980	—5
Komatsu	532	—3
Konishiroku	652	—22
Kubota	352	—4
Kumagai	825	—15
Kyocera	3,600	—150
Maeda Const	880	+1
Makino Milling	860	—30
Makita	915	+3
Marubeni	390	+3
Marudai	636	—4
Marui	1,340	+20
MEI	1,280	—60
M'ta Elec Works	765	—6
M'bishi Bank	1,750	......
M'bishi	668	—6
M'bishi Elect	360	......
M'bishi Estate	932	—18

JAPAN (continued)

July 25	Price Yen	+ or —
MHI	353	+13
Mitsui	422	—8
Mitsui Estate	877	—8
Mitsukoshi	645	—10
NGK Insulators	701	—33
Nihon Cement	339	—3
Nippon Denso	1,330	—60
Nippon Elect	920	—10
Nippon Express	533	+6
Nippon Gakki	1,080	......
Nippon Kokan	161	+3
Nippon Oil	894	—15
Nippon Seiko	465	—6
Nippon Shimpan	684	—4
Nippon Steel	171	—6
Nippon Suisan	376	—3
NTV	11,000	+500
Nippon Yusen	325	+18
Nissan Motor	645	+23
Nisshin Flour	476	—9
Nisshin Steel	175	+5
Nomura	1,330	+20
Olympus	959	—41
Orient Leasing	2,720	—80
Pioneer	1,690	......
Renown	746	......
Ricoh	820	—41
Sankyo	1,040	—30
Sanyo Elect	405	......
Sapporo	459	—11
Sekisui Prefab	742	+17
Seven-Eleven	8,200	......
Sharp	780	—20
Shimadzu	612	—8
Shionogi	727	—1
Shiseido	1,100	+10
Sony	3,610	—100
Stanley	705	—10
S'tomo Bank	2,050	+20
S'tomo Elect	673	—17
S'tomo Marine	778	—6
S'tomo Metal	157	+5
Taihei Dengyo	603	—24
Taisei Corp.	337	+12
Taisho Pharm	1,[illegible]	......
Takeda	[illegible]	—10
TDK	[illegible]	—150
Teijin	[illegible]	+3
Teikoku	650	......
Tokio Marine	1,000	—30
TBS	938	—2
Tokyo Elect Pwr	2,150	—30
Tokyo Gas	232	—1
Tokyo Sanyo	651	—9
Tokyo Style	1100	—10
Tokyu Corp	524	—13
Toppan Print	806	—9
Toray	469	+3
Toshiba Elect	351	—1
TOTO	776	......
Toyo Seikan	1,150	—20
Toyota Motor	1,200	—40
Victor	1,430	—30
Wacoal	746	—7
Yamaha	695	+195
Yamanouchi	2,810	—70
Yamazaki	804	+1
Yasuda Fire	659	—4
Yokogawa Bdge.	785	+5

SINGAPORE

July 25	Price $	+ or —
Boustead Hldgs	1.56	......
Cold Storage	2.44	......
DBS	5.45	—0.1
Genting	5.9	—0.05
Haw Par. Bros	2.16	+0.08
Hong Leong Fin	2.59	—0.04
Inchcape Bhd	2.29	—0.01
Keppel Shipyard	1.31	—0.04
Malay Banking	5.8	—0.05
Malay Utd. Ind	2.45	......
Multi Purpose	0.9	—0.02
OCBC	8.55	—0.05
OUB	2.78	—0.01
Public Bank	1.48	—0.08
Sime Darby	1.88	+0.04
Singapore Press	6.65	......
Straits Trdg	3.46xc	......
Tat Lee Bk	2.5	......
UOB	3.88	+0.02

SOUTH AFRICA

July 25	Price Rand	+ or —
Abercom	1.48	—0.07
AE&CI	8.2	—0.2
Allied Tech	67.5	......
Anglo Am Coal	49.75	—4.25
Anglo Am Corp	27.25	—0.75
Anglo Am Gold	148	—18
Barclays Bank	19	......
Barlow Rand	11.15	—0.6
Buffels	58.5	—1.5
CNA Gallo	2.8	......
Currie Finance	4.25	—0.05
De Beers	9.8	—0.4
Driefontein	37.25	—3.25
FS Geduld	41	—4
Gold Fields SA	27	—1.5
Highveld Steel	5.5	......
Nedbank	14.55	—0.3
OK Bazaars	14.5	—0.5
Protea Hldgs	2.2	—0.1
Rembrandt	40.5	......
Rust Plat	15.75	—0.55
Safren	14.5	—0.5
Sage Hldgs	10.2	—0.55
SA Brews	8	—0.3
Smith (CG)	27.5	—1.5
Tongaat Hulett	6.5	—0.25
Unisec	5	—0.2

CANADA

TORONTO
Prices at 2.30pm July 25

Sales	Stock	High	Low	Close	Chng
59	Abti Prce	$17¾	17¾	17¾	−¼
14750	Agnico E	$18⅞	18	18⅞	+⅞
201	Agra Ind A	$8¾	8¾	8¾	
183280	Alt Energy	$18¼	17⅞	17⅞	−⅜
4200	Alta Nat	$14⅞	14¾	14¾	−⅛
225	Algoma St	$22¼	22¼	22¼	−¼
1167	Argcen	$21¼	21	21¼	+¼
1100	Atco I f	$9¼	8⅞	8⅞	−¾
5950	BP Canada	$33	32⅝	33	+¼
3030	Bank BC	$5½	5⅜	5⅜	
74155	Bank N S	$14	13¾	13⅞	+⅛
106676	Barrick o	158	152	153	−6
1330	Bonanza R	350	340	340	
9700	Bralorne	425	420	425	−5
1260	Bramalea	$17¾	17¾	17¾	−⅛
30898	BCFP	$9⅝	9½	9⅝	+⅜
12290	BC Res	238	238	238	−2
13356	BC Phone	$23	22¾	22⅞	−⅛
23	Brunswk	$15	15	15	
12900	Budd Can	$34	33	34	+1¼
2350	CAE	$17	16⅞	17	
6800	Cad Frv	$13¼	13	13	−¼
10900	Campeau f	$25¼	25	25¼	+¼
38000	C Nor West	$22½	22¼	22¼	+¼
100	C Packrs	$34	34	34	+½
11250	Can Trust	$38⅞	36	36⅞	+¼
5100	C Tung	$11	11	11	+¼
29554	CI Bk Com	$36⅝	36⅜	36½	+⅛
84047	CTire A f	$10¼	10⅛	10⅛	
6800	C Util B	$17½	17½	17½	
3200	Cara	$16¼	16	16¼	+¼
3000	Celanese	$9¼	9	9¼	+¼
6675	Centrl Tr	$14¼	14	14	−¼
14700	Cineplex	$9⅜	9¼	9¼	−⅛
5400	C Distb A	$6¾	6½	6¾	
7600	CDistb B f	$6⅝	6½	6½	
32800	CTL Bank	$11¼	11	11	−¼
6400	Conventrs	$6⅞	6⅞	6⅞	
3100	Coseka R	305	295	300	+10
2100	Canron A	$13½	13½	13½	
2490	Crownx	$22½	22¼	22⅜	−⅛
2500	Czar Res	175	170	170	
11774	Daon Dev	435	425	430	+10
3646	Denison A p	$14¼	14⅛	14¼	+⅛
37748	Denison B f	$13⅝	13⅜	13½	−⅛
1800	Develcon	$6⅛	6⅛	6⅛	
34590	Dicknsn A f	$7⅝	7⅜	7⅝	+⅛
4200	Dicknsn B	$7½	7⅜	7½	+⅛
6080	Dofasco	$28	27½	28	
8730	Doman A	310	290	292	−13
2900	Donohue	$18	18	18	+⅜
1600	Du Pont A	$23	22¾	22⅞	−⅛
11835	Dylex A	$14¼	14	14⅛	−⅛
2010	Elcthom X	$7	7	7	+⅛
200	Emco	$19	18⅞	19	+¼
4050	Equity Svr	$6⅞	6½	6⅞	+⅜
600	FCA Intl	$19¼	19¼	19¼	
266	C Falcon C	$16⅝	16⅝	16⅝	
77816	Fcnbrdge	$20⅝	20½	20⅝	+⅛
700	Fed Ind A	$25⅜	25⅜	25⅜	
1100	F City Fin	$13	12¾	12¾	−¼
533	Gendis A	$30	29¾	30	−⅛
4960	Geac Comp	$10½	10⅜	10½	
6400	Geocrude	268	263	268	+4
2230	Gibraltar	$9¾	9½	9½	−⅛
5550	Goldcorp f	$7½	7¼	7½	
1680	Grafl G	$13¾	13¾	13¾	
500	Grandma	60	60	60	
2600	GL Forest	$22	21½	21½	−1¼
135	Greyhnd	$26	26	26	−¼
3721	H Group A	$9¼	9¼	9¼	−⅛
500	Hrding A f	150	150	150	+5
600	Hawkor	$21⅛	21⅛	21⅛	−⅛
27940	Hayes D	$12¾	12½	12¾	+¼
15800	Hees Intl	$20⅞	20¾	20⅞	
586	H Bay Co	$23	22¾	22¾	−¼
8366	Imasco	$28	27⅞	27⅞	−⅜
725	Inland Gas	$20	20	20	+⅛
73000	Intl Thom	$9¼	9	9¼	+⅛
2399	Intpr Pipe	$42¾	42½	42¾	+⅜
8400	Jannock	$16⅛	16	16⅛	+⅛
1	Kerr Add	$16⅜	16⅜	16⅜	−¼
20063	Labatt	$27¼	27	27¼	+¼
52625	Lac Mnrls	$35	34⅜	34⅞	+1⅛
1825	LOnt Com	$14½	14	14½	−¼
8500	Lacana	$12½	12	12½	+⅝
1842	LL Lac	$79¾	77⅜	79¼	+2¼
746	Loblaw Co	$20¾	20⅝	20⅝	−⅛
8750	Lumonics	$22⅞	21⅞	22⅛	+½
7800	Mclan H X	$12¾	12⅝	12¾	
472	Mantime f	$15½	15¼	15¼	+⅛
4500	Merland E	340	340	340	−5
2122	Molson A f	$16⅛	15⅞	15⅞	+¼
250	Molson B	$16⅜	16⅜	16⅜	
400	Murphy	$21	21	21	−½
300	Nabisco L	$28¼	28⅛	28¼	+⅛
92151	Noranda	$17½	17	17¼	+¼
3375	Norcen	$13	12⅞	13	+¼
123634	Nva AltA f	$6¾	6⅝	6¾	
400	Nowsco W	$20	20	20	
6500	NuWst sp A	40	38	38	−1
1150	Oakwood	$7⅞	7⅜	7¾	
4320	Oshawa A f	$33⅞	33½	33⅝	−¼
7566	Pac W Airln	$14½	14¼	14¼	−¼
8100	Pamour	$8½	8¼	8½	+½
3700	PanCan P	$33⅜	33	33	−⅜
1300	Pembina	$16½	16⅜	16½	+⅛
4400	Phonix Oil	$9½	9⅜	9½	+⅛
6000	Place GO o	120	120	120	
104127	Placer	$25⅜	25½	25½	+¼
12330	Provigo	$24¾	24¾	24¾	
300	Que Sturg o	425	425	425	+15
3700	Rayrock f	$8⅞	8⅝	8⅞	+⅛
11500	Redpath	$13¼	13¼	13¼	+½
500	Rd Stenhs A	$20½	20½	20½	−½
840	Rogers A	$11½	10⅞	10⅞	−⅜
400	Roman	$10⅜	10⅛	10⅜	
500	Rothman	$38	37½	37½	
3700	Sceptre	$5⅛	5⅛	5⅛	+⅛
500	Scotts f	$28	27⅞	28	+¼
27600	Sears Can	$9⅜	9⅛	9⅛	−⅜
34800	Shell Can	$25⅜	25	25⅛	−⅛
75545	Sherritt	$8¼	7⅞	8⅛	+¼
2100	Slater B f	$13½	13⅛	13⅛	−⅛
38100	Southm	$65	64¼	65	+¾
10007	Soar Aero f	$30¼	30	30	
500	St Brodcst	$19½	19½	19½	
356568	Stelco A	$23⅜	22⅞	23¼	+¼
16100	Sulpitro	190	180	180	−10
10000	Steep R	220	215	215	
47100	Sydney o	28	26	26	
25	Talcorp	96	96	96	+1
16000	Tara	$21	20⅞	21	+½
100	Teck Cor	$13⅜	13⅜	13⅜	+⅛
31071	Teck B f	$14⅛	13⅞	14⅛	+⅛
27782	Tex Can	$31¾	31⅜	31⅜	+⅛
103180	Thom N A	$21¾	21½	21¾	+½
174526	Tor Dm B	$23½	23¼	23¼	−¼
42390	Torstar B f	$29	28½	28½	−½
300	Traders A f	$21½	21½	21½	−⅛
1500	Trns Mt	$12	11⅞	11⅞	
5900	Trinity Res	415	405	410	+5
31397	TrnAlta UA	$25⅞	25⅝	25⅞	+⅜
40612	TrCan PL	$27	26⅝	26⅞	+⅜
1755	Trimac	425	420	420	
16750	Trilon A	$20¾	20⅝	20½	−¼
370	Trizec A f	$29	28	28	−¼
14302	Turbo	42½	42	42½	
3400	Un Carbid	$12¼	12¼	12¼	−⅛
1170	U Entprise	$11⅞	11¾	11¾	
200	U Keno	$9⅛	9⅛	9⅛	
200	U Siscoe	86	86	86	
500	Versil A f	490	485	485	
8970	Vestgron	$6⅞	6¼	6½	−½
3200	Westmin	$13⅛	13	13	
300	Weston	$87½	87⅛	87⅛	+⅛
93364	Woodwd A	$18½	18⅜	18½	
900	Yk Bear	$6⅝	6½	6⅝	

Total sales 10,041,083 shares

MONTREAL
Closing prices July 24

Sales	Stock	High	Low	Close	Chng
55058	Bank Mont	$30⅞	30½	30⅝	−⅛
8775	BombrdrA	$14¾	14¼	14½	−⅜
22350	BombrdrB	$14½	13⅞	14	−½
640	CB Pak	$22⅜	22¼	22¼	−⅛
53929	Cascades	$16¾	16⅝	16¾	+¼
4820	ConBath	$18	17⅞	17⅞	
4487	DomTxtA	$11⅞	10⅞	10⅞	−⅜
10110	Gaz Metro	$11⅝	11½	11½	
500	MntTrst	$16	15¾	15¾	+¼
56566	NatBk Cda	$21⅞	21⅝	21¾	
13525	Power Corp	$19½	19⅛	19¼	−⅛
4600	RollandA	$20¾	20	20⅛	−½
21302	Royal Bank	$31¼	31	31	−⅛
1950	RoyTrstco	$21⅛	21	21	−⅛
22440	SteinbrgA	$25½	25½	25½	+⅛

Total Sales 1,979,082 shares

Indices

NEW YORK—DOW JONES

	July 25	July 24	July 23	July 22	July 19	July 18	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,352.37*	1,348.90	1,351.81	1,357.94	1,359.54	1,350.92	1359.54 (19/7)	1184.96 (4/1)	1359.54 (19/7/85)	41.22 (2/7/32)
Transport	686.68*	688.90	698.27	701.90	700.73	698.04	702.6 (17/7)	553.83 (4/1)	702.60 (17/7/85)	12.32 (8/7/32)
Utilities	158.55*	157.83	158.28	164.65	166.24	167.06	168.91 (12/7)	146.54 (4/1)	168.91 (12/7/85)	10.5 (28/4/42)
Trading vol		128.8m	143.8m	94.8m	114.8m	131.3m	—	—	—	—

	July 19	July 12	July 5	Year Ago (Approx)
Ind Div Yield %	4.51	4.58	4.58	5.14

STANDARD AND POORS

	July 25	July 24	July 23	July 19	July 18	July 17	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	213.54*	213.17	213.94	215.21	215.83	214.47	215.83 (19/7)	128.24 (4/1)	215.83 (19/7/85)	3.62 (30/6/32)
Composite	191.73*	191.98	192.55	194.35	195.13	194.38	195.65 (17/7)	163.68 (4/1)	195.65 (17/7/85)	4.40 (1/6/32)

	July 10	July 3	June 28	Year Ago (Approx)
Ind div yield %	3.68	3.70	3.72	4.32
Ind. P/E Ratio	11.99	11.96	11.90	10.65
Long Gov Bond Yield	10.20	10.44	10.67	13.31

N.Y.S.E. ALL COMMON

July 25	July 24	July 23	July 22	1985 High	1985 Low
111.12*	111.13	111.89	112.71	113.48 (17/7)	94.60 (4/1)

RISES AND FALLS

	July 24	July 23	July 22
Issues traded	2,041	2,019	2,023
Rises	643	606	532
Falls	988	975	1,051
Unchanged	410	438	440

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Philips Petrlm.	3,328,800	12⅞	+½	Bankamerica	1,636,400	17¼	−⅛
ITT Corpn.	2,094,500	32⅝	+1⅜	IBM	1,465,300	129⅛	−¼
Am Tel. & Tel.	1,936,200	21½	−⅜	Reyn. Ind.	1,452,700	27	−½
Uncal. Cpn.	1,828,300	30	+1¼	Mobil	1,140,100	30⅞	+⅜
Fed. Exp. Cpn.	1,747,200	49	−¾	Exxon	1,100,600	52⅞	+1¼

TORONTO

	July 25	July 24	July 23	July 22	1985 High	1985 Low
Metals & Minls	2,072.1*	2,042.68	2,030.19	2,014.1	2190.7 (13/2)	1896.0 (4/1)
Composite	2,789.2*	2,778.13	2,777.9	2,787.4	2804.2 (17/7)	2348.5 (8/1)
MONTREAL Portfolio	138.34*	137.62	137.56	138.74	139.33 (18/7)	117.08 (4/1)

* Indicates pre-close figure

	July 25	July 24	July 23	July 22	1985 High	1985 Low
AUSTRALIA						
All ord. (1/1/80)	941.3	935.7	933.8	926.5	935.7 (24/7)	715.3 (7/1)
Metals & Mins. (1/1/80)	559.4	454.7	548.1	536.4	583.8 (20/5)	362.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	98.93	99.87	100.01	99.93	105.73 (17/6)	85.21 (24/1)
BELGIUM						
Brussels SE (1/1/80)	2316.44	2314.88	2313.61	closed	2314.88 (24/7)	2090.7 (18/1)
DENMARK						
Copenhagen SE (3/1/83)	u	213.64	211.35	209.77	211.59 (11/7)	158.44 (8/1)
FRANCE						
CAC General (31/12/82)	218.0	218.3	217.8	n/a	233.1 (31/5)	180.8 (3/1)
Ind Tendance (28/12/84)	123.20	124.90	124.70	125.0	130.4 (31/5)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	470.82	477.65	477.87	481.44	502.62 (5/7)	382.39 (3/1)
Commerzbank (1/12/53)	1384.1	1403.5	1405.8	1418.3	1486.2 (5/7)	1111.8 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1692.06	1685.63	1673.85	1689.85	1689.85 (22/7)	1220.74 (2/1)
ITALY						
Banca Comm. Ital. (1972)	347.83	351.09	359.03	358.75	359.03 (23/7)	228.58 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	12847.03	12777.03	12762.83	12771.68	13040.10 (6/7)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1044.80	1050.00	1042.10	1042.40	1055.91 (8/7)	916.93 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	219.8	219.1	218.1	219.2	220.9 (8/7)	185.6 (3/1)
ANP-CBS Indust (1970)	185.7	186.4	185.9	186.8	186.8 (22/7)	147.9 (3/1)
NORWAY						
Oslo SE (4/1/83)	u	n/a	345.80	348.53	348.53 (22/7)	288.18 (2/1)
SINGAPORE						
Straits Times (1966)	771.76	774.73	778.69	789.23	852.85 (7/3)	717.95 (15/7)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	880.4	928.0	914.1	1140.8 (15/4)	836.1 (11/2)
JSE Indust (28/9/78)	—	997.8	1010.8	1006.7	1036.9 (17/7)	767.1 (7/3)
SPAIN						
Madrid SE (28/12/84)	c	110.21	109.34	109.48	117.41 (4/2)	101.48 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	1360.48	1355.00	1351.99	1347.15	1486.98 (11/2)	1285.32 (9/7)
SWITZERLAND						
Swiss Bank Cpn. (31/12/58)	467.0	468.5	461.8	460.7	469.1 (8/7)	386.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	—	220.6	221.8	221.9	224.3 (17/7)	184.6 (4/1)

* Indicates pre-close figure ** Saturday July 20 Japan Nikkei Dow 12797.86 TSE 1042.05 Base values of all indices are 100 except Australia All Ordinary and Metals - 500 NYSE All Common - 50 Standard and Poors - 101 and Toronto Composite and Metals - 1000 Toronto Indices based 1975 and Montreal Portfolio 4/1/83 † Excluding bonds ‡ 400 industrials § 400 industrials plus 40 Utilities Financials and 20 Transports c Closed u. Unavailable

OVER-THE-COUNTER
Nasdaq national market, 2.30pm prices

Continued from Page 35

Stock	Div	Sales (Hnds)	High	Low	Last	Chng
NYAirl		177	6⅜	6¼	6¼	
NwldBk		187	15	14½	14½	−⅜
Newpt	.06	137	25	24½	24½	
NwpPh		1805	11¼	10⅜	11¼	+⅞
NiCalg	1	86	2½	2 7-16	2½	
Nike B	.40	523	11¾	11½	11¾	+¼
Nordsn	.56	10	18⅛	18½	18½	
Nordstr	.44	961	50	48¾	50	+1
NrskBs		289	42¾	42⅜	42⅜	+¼
Norstan		147	7½	7¼	7½	
NAtlin		12	7¼	7¼	7¼	
NestSv		215	15	14¾	14⅞	+⅛
NwNG	1.44	x458	19⅜	18¾	18¾	−⅝
NwtFns	.68	204	32¼	31½	31¾	
NwNLs	.80	1872	29½	28¾	28⅞	−⅛
NwstPS	2.10	76	23¼	22¾	22¾	−⅜
Noxell	.92	218	52⅛	51⅞	52⅛	
NuclPh		248	6¾	5⅝	5⅝	
Numrax		18	7½	7⅜	7½	+⅛
Numeric	.88	103	30¼	29¾	29⅞	+⅜
NumF		68	8¾	8⅝	8¾	
NuMeds		91	12¼	11⅝	12	−¼
O O						
Oceaner		50	2¼	2	2¼	+¼
Ocilias		56	16¾	16½	16½	
OgilGp	1.08	415	45½	46	45	−⅛
OhioCa	2.80	432	64¼	63¾	64¼	+⅝
OldKnts	1	216	31¼	30¾	30¾	−½
OldRps	.74	143	39⅝	39	39¼	+⅛
OldSplC	2.60	49	22	21½	21⅞	+⅛
OneBcp	.26e	179	21½	21¼	21¼	−⅜
OnLine		31	7¾	7¼	7¼	
OpticC		92	15½	15⅜	15⅜	
OpticR		408	39½	38¾	39¼	+½
Orbanc		59	14¾	14¼	14¾	−½
Orbit		279	7¼	7⅛	7⅛	
OrtaCp		14	4¾	4¼	4¾	+¼
Oshmn	.20	180	18¼	17⅜	17¾	−¼
OttrTP	2.76	209	30⅞	29¾	30⅛	−⅝
OvrExp		16	11½	11¼	11¼	
OwenM	.40	12	22⅞	22¾	22¾	−¼
Oxoco		76	7-16	⅜	7-16	+1-16
P Q						
PNCs		1100	29⅞	29¼	29¼	−½
Paccar	1.20a	159	46¾	46½	46¾	+¼
PacFst		608	13¾	13¼	13⅜	+⅛
PacTel	.80	129	14⅝	14¼	14¼	
PacoPh		31	16	15¾	15¾	−¼
PancMx	.13	67	8¼	8⅛	8⅛	
Pansph		380	24¾	24½	24¾	+¼
ParkOh	.60	175	13¾	13¼	13½	+¼
PatntM		1054	7⅝	6⅞	7½	+½
PaulHr	t	282	12¾	12½	12¾	+⅛
PaulPt		51	12⅝	12⅛	12⅝	+¼
Paychx		32	16	15¾	15¾	
PeakHC		75	17	16¾	17	+¼
PearlH		2880	24⅞	24⅝	24¾	
PegGld	.05	328	9½	9⅛	9½	+⅜
PenaEn	2.20	35	34½	34¼	34⅜	+⅛
Pentars	.68	118	31	30½	31	+¼
PeopEx		2148	11⅛	10⅝	10⅝	−⅜
Petrite	1.12	47	27½	26¾	27½	
Phrmct		126	7¼	7	7¼	+⅛
PSFS	.05e	1085	10⅝	10⅜	10½	+⅛
PhilGl	.50e	4278	15¼	15	15	−⅛
PhnxAm		12	2⅝	2⅜	2⅝	
PicSav		304	28¾	28	28¾	+¾
PicCafe	.60	117	22¾	22½	22½	
PionHi	.92	965	37	36½	36¾	+¼
PionSts	.12	4	8¾	8½	8¾	
PoFolk		112	15	14⅛	15	+¾
PlcyMg		141	20½	20½	20½	
Porex		48	26	25¾	26	
Powell		59	3	2⅞	2⅞	
Powrtcs		10	12½	11¾	11¾	−¼
PwConv		53	10¼	10⅛	10¼	
ProcCst	.12	339	35½	35	35⅜	+⅛
PrpdLg		300	8⅝	7¾	8½	+½
Prism		211	4⅛	3⅞	4⅛	+⅛
PricCms		102	11⅞	11⅝	11¾	+⅛
PriceCo		619	60¼	59¾	60	−¼
Prirnnx		106	10½	10	10½	+¾
ProdOp	.16	13	4⅞	4¾	4⅞	+⅛
ProgCs		24	39⅜	39	39⅜	+⅜
PropTr	1.20	28	13⅞	13½	13⅞	
Provin		40	16¾	16½	16½	−¼
Pullmn		197	7¼	7⅛	7¼	+⅛
PuritBn	.40	100	24¾	24½	24¾	+¼
QMSs		157	11⅜	11⅛	11⅛	−¼
Quadrx		256	8⅞	8½	8½	
QualCs	.38	37	12¼	11¾	12¼	+½
Quantm		720	28½	28	28¼	
QuestM		196	4⅛	4	4⅛	
Quixote		164	12½	12¼	12¼	−¼
Quotrn		852	11⅜	11⅛	11⅛	+⅛
R R						
RAX	.01e	41	8½	8¼	8½	−¼
RPMs	.56	562	17⅜	16½	16¾	
RadSys		103	11⅜	11¼	11⅜	+⅛
RadinT		235	12¾	12¼	12⅜	−⅛
Radion		7	7	6⅞	7	−½
Ragen		85	5	4⅞	5	
Rainra	1	567	31⅛	30	30⅛	−1
RayEn	.24	11	18½	18½	18½	+½
RediCr		22	4¼	4⅛	4¼	+⅛
Readng		7	20⅞	20⅞	20⅞	+¼
Recotn		5	8⅛	8⅛	8⅛	−¼
RedknL	.64	80	26½	26	26½	
Reeves		141	11⅞	11⅝	11¾	
RgcyEl	.20	249	6½	6¼	6⅜	+⅛
Regiss	.12	210	17	16½	17	+¼
Rehab		47	5⅜	5⅜	5⅜	−⅛
RpAuto	.16	25	8⅛	8⅛	8⅛	−¼
RpHlth		1337	13¾	13⅜	13½	+⅛
RestrSy		86	16¼	15¾	16¼	+¼
Reuterl	.15e	12	9¾	9½	9¾	+¼
ReutrH	.23e	58	23⅛	23	23	−¼
ReyRey	1.24	814	41½	40¾	41½	+½
Rhodes	.24	53	14	14	14	−⅛
Ribilms		137	9	8¾	9	
RichEls		23	20	20	20	+⅛
Rival	.80	259	15½	15⅛	15⅛	−⅛
RoadSv	1	545	28¾	28¼	28¼	
RobNug	.06	30	12⅞	12¾	12¾	
RobVsn		222	13¼	12⅝	13¼	+⅜
Rouses	.54	14	23¼	22¾	23¼	+½
RoyPlm		144	11⅞	11½	11½	−⅛
RoylRs		1	4⅞	4⅞	4⅞	−⅛
RustPel		12	16⅝	16⅝	16⅝	
RyanFs		93	18	17½	17½	−¼
S S						
SAYInd		83	15¼	14¾	15¼	
SCI Sy		680	14½	14	14⅜	+¼
SEI		92	18¾	18¼	18¾	+½
SFE	.10r	247	9	8⅝	9	+½
SRI	.68	662	19¾	19½	19¾	+⅛
Safecds	.20	731	20⅞	20½	20⅞	+¼
Safeco	1.60	488	40⅝	40⅛	40⅝	+⅛
SalHlth		836	21¼	21	21¼	+¼
StJude		38	13½	13¼	13¼	
StPaul	3	767	70⅝	70¼	70¼	−¼
SalCpt		348	5⅝	5⅛	5⅝	
SavnF	1.60a	73	43¾	43½	43½	
SBkPSe		40	15	14¾	15	+¼
ScanOp		237	6⅞	6⅝	6¾	+⅛
ScanTr		59	15¼	14¾	14¾	
Scherer	.32	168	12¾	12⅜	12⅝	+¼
SchimA	.40	15	23	22¾	23	+¼
SciMic		106	4¾	4½	4⅝	−⅛
SciSft		307	8¼	7¾	8	+½
Scitex		57	15½	15¼	15¼	−½
SeaGal		81	7½	7¼	7⅜	
Seagate		4538	7⅝	7⅛	7⅜	+⅛
SecTag		85	3	2⅞	2⅞	+⅛
SEEQ		199	2⅜	2¼	2¼	
Seibel	.80	3	20½	20½	20½	
Semicn		72	8⅛	8	8	
Sensor	.05	883	8⅜	8¼	8¼	
SvcMer	.08	2729	14	12¾	13⅝	+¾
Svmsts		3248	19¼	18¼	19	+¾
Servico	1	2	23	22½	22½	
SovOak	.16	91	16⅞	16¾	16¾	−¼
ShrMed	.48	781	30	29¼	29⅜	−¾
Shwmts	1.68	391	37¾	37⅛	37⅛	−⅝
Shelbys	.16	148	20¼	19⅝	20⅛	+½
Sheldls		139	12	11½	11⅞	+¼
Shoneys	.15	397	29	28½	28½	−¼
ShonSos		48	11⅛	10⅞	11⅛	
Silicon		332	7¼	6⅞	7¼	+¼
SiliconS		16	13½	13¼	13¼	−¼
SilicVal		3	16½	16	16	−½
Siliconx		347	23¼	22	23¼	+1¼
Siltec		127	7¼	6⅞	7	
Simpln	.80	70	15⅜	15¼	15¼	−¼
Sippins		116	13	12¾	13	
Sizzlers		195	17¾	17½	17¾	
Skipper	.08	76	9⅜	9	9	−⅜
SmithL		50	3	2⅞	3	
Society	1.84	458	47½	45¾	47½	+⅜
SoctySv		156	18	17¾	17⅞	−⅛
Softech		26	8	8	8	
SoftwA		853	15⅝	14¾	15½	−⅜
SonocPs	1.28	68	27¾	27¼	27¼	−⅛
SonrFd	.30e	83	22	21½	21½	−½
SoHosp		161	4½	4⅜	4½	
SthdFn	.52	87	25½	25¼	25¼	−⅛
Soutrst	1	115	17	16¾	17	−⅛
Sovrgn	.10	114	6⅞	6¾	6⅞	+⅛
Sovran	1.68	303	45	44½	44¾	+¼
Specdy		283	18¼	18	18	
Spctran		59	24	23¼	23¾	+¼
SpecCtl	.06	11	7½	7¼	7½	+¼
Spire		40	14⅞	14⅛	14⅞	−⅜
StarSrs		515	4¾	3⅞	4⅛	+⅛
StafBld	.20	152	5⅞	5¾	5¾	
Standys	1	353	26½	26	26½	−¼
StdMic		162	15⅞	15½	15⅞	+⅜
Stanhos	1.20	37	22⅞	22¼	22⅞	+⅝
StaStB	1.20	1080	62⅜	59½	60½	−1¾
StateG	.15b	65	4⅝	4⅝	4⅝	
Steiger		352	4½	4⅜	4½	
StewStv		16	14¾	14½	14¾	+⅛
Stwinf	.72	5	24¼	24¼	24¼	+¼
Stifel		56	7	6¾	6⅞	−⅛
Stratus		4057	18½	17½	18	+¼
StrwCls	.76	9	36¼	35½	35¾	−¼
Stryker		34	34⅞	33¾	34⅞	+⅜
Subaru	1.68	20	157½	155½	157½	+1½
SubrB	1.92	396	66	63¾	64	−2
Summa		63	3	2⅞	2⅞	
SumtHl	.10	668	13	12¾	13	
SunCst		1008	1¾	1⅝	1⅝	
SunMed		33	9	8¾	9	+¼
SupSky		3	9	9	9	
Suprtex		180	3½	3⅜	3½	+⅛
Sykes		41	11-16	11-16	11-16	
SymbT		62	11⅝	11⅜	11⅜	−⅛
Syncor		57	4	3¾	4	
Syntech		853	11½	11⅛	11½	+¼
Syntrex		295	2¾	2½	2¾	+⅛
Syscon	.28	15	18	17¾	17¾	
SyAsoc		258	20¼	20	20	
Systin		30	4½	4⅜	4½	+¼
SysIntg		76	9¼	9	9¼	+¼
SystGn		25	10⅜	10⅜	10⅜	
Systmt	.04	111	24	23¾	24	
T T						
TBC		341	10½	10¼	10⅜	+⅛
TCA Cb	.12	89	23¾	23¼	23¾	+¼
TacViva		20	5⅝	5⅜	5⅜	−⅛
Tandem		4050	16½	16¼	16¼	−⅛
Tandon		4569	5¾	5	5½	+¼
TcCom		30	9½	9¼	9½	+¼
Telco		119	17	16	17	+1
TlcmA	1	3466	32⅜	32	32⅜	+⅜
TolPlus		313	9⅞	9½	9⅞	−⅛
Telecrd	.32	398	18	17¼	17½	−½
Telepict		162	25½	25¼	25¼	−⅜
Telvid		187	2⅜	2¼	2⅜	
Telabs		1078	17	16	16¾	+¾
Telxons		6439	17	16	16½	+½
TermDt	1	149	5	4¾	4⅞	
TherPr		80	10½	10	10	
Thrmds		67	14½	14⅛	14½	
ThrdNl	1.28	132	47	45½	45⅞	−1½
Thortec		27	7⅝	7½	7½	
ThouTr		224	14	13½	14	+⅜
TimeEn		210	9⅞	9	9⅛	−⅛
TmeFib		46	12⅜	12⅛	12⅜	+¼
Tiprary		600	7-16	⅜	7-16	
Tolus		358	15⅝	15½	15⅝	−⅛
TotlSys		25	32	29½	32	+1½
TrakAu		716	12½	11¾	12	
TriadSv		527	9¾	9	9⅜	−¼
TrusJo	.40	46	27	26½	26⅝	+½
U U						
USLICs	.80	47	22⅞	22½	22¾	+⅛
UTL		47	22½	22	22½	+¼
Ultrsy	.06e	149	8⅜	8⅛	8¼	+⅛
Ungmn		456	16¼	15¾	16⅛	+⅜
Unifi		45	10½	10¼	10¼	−¼
UnPlntr	1.09t	161	27½	27⅛	27⅛	−⅜
UnTrBc	2.40	422	103	98¾	99	−4
UACms	.06	387	24	23½	23⅞	−¼
UBAlsk	.15r	9	9	9	9	
UBCol	1.06	83	27¾	27½	27⅝	
UFnGrp		56	8⅛	8⅛	8⅛	
UFstFd		46	17½	17	17½	+½
UGrdn	1.64t	390	13⅝	12⅞	13⅝	+⅝
UPresd		63	12½	12⅛	12⅛	−½
US Ant		55	3⅜	3¼	3¼	−1-16
US Bcp		1589	28¾	28	28	
US Cap		60	3⅝	3½	3½	
USDsgn		10	2⅞	2⅞	2⅞	−⅛
US HCs		1113	31½	30¾	31½	+¼
USShlt	12	6	4½	4½	4½	−½
US Sur	.20e	56	19¾	19½	19⅝	+⅛
US Trs	1.20	324	37⅛	36½	36½	−½
UStatn	.20	15	22⅜	21½	22¼	+½
UnTelev		145	24⅜	24	24	−⅜
UVaBs	1.64	129	43¾	43½	43½	−⅛
UnvFrn		193	19	18⅝	19	+⅜
UnvHlt		526	19½	18⅝	18¾	−½
UFSBk		39	11¼	10¾	10¾	
Uscale	.21e	365	5⅝	5¼	5½	+¼
V V						
VLI		310	7⅝	7¼	7⅝	−⅛
VLSI		503	13½	13¼	13½	
VMX		275	6¾	6½	6¾	+¼
VSE	.16e	100	9	9	9	−¼
ValidLg		302	9⅜	8¾	9	+⅜
ValFSL		33	17	16¾	17	+½
ValNtl	1.20	113	39¾	39½	39⅝	
ValLn	.40	15	22¾	22½	22½	−¼
VanDus	.40	3420	14	13½	14	+1
Vanzetti		2	7¾	7¾	7¾	−¼
Ventrex		364	3⅝	3⅜	3⅜	−⅛
Vicorp	.09e	175	26⅜	25⅞	26⅜	+⅜
VideoFr	.22e	1236	10½	10	10¼	
Viking		297	13½	12¾	12¾	
Viratek		52	18¼	17¾	18	+⅛
Vodavi		219	10	9½	10	+⅜
Voltini		695	16½	16	16¼	
W W						
WD 40	.96	169	20½	20	20½	+¼
WalbCs	.24	28	13½	13¼	13¼	−⅜
WlkrTel		41	8	7⅞	8	+⅛
WshE	1.78	295	21¾	21⅜	21⅝	−⅛
WFSLs	.60	66	24	23⅝	23⅞	−¼
WMSB		328	13¼	13⅛	13⅛	
Wavetk		545	6½	6¼	6½	
Webbs	.40	146	12½	12¼	12¼	
WestFn		52	14⅛	14	14⅛	−⅛
WstFSL		201	16	15½	15½	−⅛
WMicTc		61	8½	8	8½	+⅛
WtTIAs		335	13⅞	13	13¼	+⅜
WmorC	.40	2	17½	17¼	17½	−½
WstwCs		110	17½	16½	16½	−1¼
Wetra	.88	198	30⅞	30¾	30¾	
Wicat		592	5½	5⅛	5¼	−⅛
Wiscom		1257	12½	10⅞	11⅜	−1⅛
Wilml	1.65	835	45¾	45¼	45½	
WillAL		210	14⅛	13⅞	13⅞	−¼
WmsSn		9	16½	16¼	16¼	−¼
WilsnF		49	7	6⅞	6⅞	−⅛
Windmr	.07	321	5⅝	5⅜	5⅜	−¼
WinnEn		124	7⅞	7⅝	7⅝	−⅛
WiserO	.60	161	17½	17	17⅛	−⅛
Wodhd	.60	1155	12¾	12½	12¾	+¼
Worthg	.64	349	29	28½	28⅞	+½
Wyman	.80	295	27¼	26½	27	−½
X Y Z						
Xebec		447	3⅛	2⅞	3	
Xicor		1636	9⅝	9	9⅝	+⅞
Xidex		1764	15	14½	14⅝	
YlowFt	1	270	43½	43¼	43¼	−⅛
ZenLbs		1261	26½	25¾	26½	−½
Ziegler	.48a	24	12½	12¼	12¼	−¼
ZionUt	1.56	37	40¾	39¾	40¾	−1
Zitel		25	2½	2¼	2⅜	−¼
Zivad		9	5⅛	5⅛	5⅛	
Zondvn	.06t	112	11½	11¼	11½	+⅛
Zymos		226	3½	3 1-16	3 1-16	−1-16

LONDON
Chief price changes (in pence unless otherwise indicated)

RISES

Tr. 2½% I.L. 20	£93⅞	+⅛
Allied Textile	368	+18
Bullough	232	+12
Carr Boyd	93	+8½
Cartwright (R)	176	+26
Celtic Haven	83	+10½
Harris (P)	152	+20
Imperial Group	170	+5
Jaguar	259	+7
Metana Minerals	144	+20
Phoenix Timber	120	+6
Security Centres	115	+13

FALLS

Exch 12% 2013/17	£119⅝	−⅝
AE	115	−7
BTR	303	−12
Bowater Inds	303	−10
Brit Aeros	295	−8
Burton	437	−8
CASE	165	−12
De Beers Defd	346	−36
De La Rue	790	−40
Distillers	270	−5
Driefontein	£12⅝	−2⅝
Ferranti	108	−10
ICI	660	−30
McKechnie Bros	112	−13
Plessey	138	−8
Randfont Ests	£84⅝	−6¼
Rustenburg Plat	550	−80
Unisel	470	−118

North American quarterly results

COLGATE-PALMOLIVE
Household products

Second quarter	1985 $	1984 $
Revenue	1.25bn	1.28bn
Net profits	50.1m	53.9m
Net per share	0.61	0.66
Six months		
Revenue	2.49bn	2.52bn
Net profits	96.9m	109.8m
Net per share	1.17	1.34

CONTINENTAL AIRLINES
Passenger carrier

Second quarter	1985 $	1984 $
Revenue	432.5m	281.2m
Net profits	35.4m	10.4m
Net per share	1.24	0.40
Six months		
Revenue	795.6m	498.9m
Net profits	50.4m	5.5m
Net per share	1.79	0.12

PITNEY BOWES
Business equipment

Second quarter	1985 $	1984 $
Revenue	453.7m	425.5m
Net profits	35.7m	31.8m
Net per share	0.90	0.81
Six months		
Revenue	887.4m	846.8m
Net profits	67.3m	61.5m
Net per share	1.70	1.57

SCHERING-PLOUGH
Pharmaceuticals

Second quarter	1985 $	1984 $
Revenue	479.8m	475.5m
Net profits	51.8m	47.8m
Net per share	1.01	0.95
Six months		
Revenue	966.8m	962.1m
Net profits	106m	101.2m
Net per share	2.08	2.00

U.S. HOME
House building

Revenue	455.5m	556.9m
Net profits	†2.8m	†8.7m
Net per share	†0.08	†0.25

†Loss

U.S. WEST
Phone service

Second quarter	1985 $	1984 $
Revenue	1.95bn	1.81bn
Net profits	242.4m	203.4m
Net per share	2.53	2.13
Six months		
Revenue	3.84bn	3.54bn
Net profits	439.8m	406m
Net per share	4.58	4.23

VALERO ENERGY
Natural gas systems

Second quarter	1985 $	1984 $
Revenue	557.4m	532.9m
Net profits	11.8m	1.7m
Net per share	0.40	†0.05
Six months		
Revenue	1.25bn	1.07bn
Net profits	18.7m	6.8m
Net per share	0.61	0.05

† Loss after preferred dividends

WASTE MANAGEMENT
Waste disposal

Second quarter	1985 $	1984 $
Revenue	369.7m	308.8m
Net profits	41.7m	32.9m
Net per share	0.84	0.68
Six months		
Revenue	763.5m	585.8m
Net profits	78.5m	64.3m
Net per share	1.59	1.33

WEYERHAEUSER
Forest products

Second quarter	1985 $	1984 $
Revenue	1.4bn	1.47bn
Net profits	59.7m	103.9m
Net per share	0.41	0.73
Six months		
Revenue	2.69bn	2.75bn
Net profits	97.9m	140.5m
Net per share	0.65	0.98

Prices at 3pm, July 25

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	16	AAR	.48	2.2	14	43	22	21⅝	21⅞	−⅛
17⅝	9⅜	AGS			13	123	16⅜	15⅞	16	−⅜
16½	8⅝	AMCA				2	12⅜	12⅜	12⅜	
21½	13	AMF	.50	3.7	41	528	13½	13¼	13⅜	
13⅝	12⅞	AMF wd				375	13⅜	13⅜	13⅜	
50¾	24¼	AMR			8	5629	47½	46⅛	46¼	−⅜
22⅞	18⅝	AMR pf2.18		9.6		7	22¾	22⅝	22⅝	
14¼	7⅝	APL				53	9⅝	9¼	9½	+⅛
61½	44⅜	ASA	2	4.3		1339	47¼	45½	46¾	+⅛
27	12½	AVX	.32	2.3	11	43	14	13⅞	13⅞	−⅛
28⅛	16	AZP	2.72	10.	8	1075	26⅛	25⅞	26	
60	36¾	AbtLab	1.40	2.5	16	1263	57¾	56¾	56⅞	−⅝
25⅞	19	AccoWd	.50	2.4	16	435	21⅞	21	21⅛	−¾
24¾	12½	AcmeC	.40	2.5		66	16	15¾	15⅞	+¼
10½	7⅜	AcmeE	.32b	4.0	10	2	8	8	8	+⅛
19	15	AdaEx	1.92e	10.		23	18½	18⅜	18⅜	−⅛
20	11⅞	AdmMl	.32	1.8	7	32	17½	17⅜	17⅜	−⅛
19½	8⅝	AdvSys	.53t	4.4	19	48	12⅛	12	12	−⅛
41⅛	27⅞	AMD			18	3282	30	29⅛	29⅜	−⅛
12¾	6⅞	Advest	.12	1.2	21	70	9¾	9⅝	9⅝	−⅛
15⅞	9	Aerflex			14	23	15¼	15⅛	15⅛	−⅛
49⅝	27¼	AetnLf	2.64	5.8	33	2772	46	45⅝	45¾	−⅛
57⅞	52⅜	AetL pf5.79e		10.		40	56⅛	56	56⅛	+⅛
37⅝	18¼	Ahmns	1.20	4.0	8	2888	30¼	29¼	30	−⅞
3⅜	2½	Aileen				31	2⅞	2¾	2⅞	+⅛
56⅞	39⅛	AirPrd	1.20	2.1	13	1841	u57	56¼	56⅜	−¼
24⅜	13	AirbFrt	.60	2.8	12	84	21½	21⅛	21½	+⅛
2⅛	1	AlMoa s				43	2⅛	1⅞	1⅞	−¼
29¼	23⅝	AlaP pf2.92e		10.		30	28⅝	28⅝	28⅝	−⅜
33⅜	27¼	AlaP pfA3.92		13.		11	31	30¾	30¾	−¼
8⅛	6¼	AlaP dpf.87		11.		12	8	7⅞	7⅞	−⅛
16⅛	11½	Alagsc	s1.04	6.7	11	20	15⅝	15⅝	15⅝	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 35

NYSE COMPOSITE PRICES

Continued from Page 34

[illegible]

19	12⅞	Roper	.64	4.3	17	57	15	14¾	14¾	−⅛
37⅜	24	Rorer	1.12	3.2	17	763	36⅛	35½	35½	−⅝
13	7⅝	Rowan	.12	1.4	52	2522	9	8⅞	8⅞	−⅛
61⅛	41¼	RoylD	3.07e	5.0		3842	61½	60⅞	61⅛	+⅝
17	9	Roylnt s			17	42	13⅝	13¼	13¼	−⅝
55¾	35⅛	Rubrmd	.96	1.8	16	188	53¾	53½	53¾	−¼
28	14¾	RussBr			13	179	20¾	20½	20⅝	
20	15⅜	RusTog	.76	3.8	10	234	20	19⅝	19¾	+⅜
31¼	19	RyanH	1	3.4	12	185	29¾	29¼	29¾	+¼
30⅞	19⅝	Ryder s	.60	2.0	12	2175	30¾	30⅛	30½	+⅜
29	12⅞	Ryland	.66	2.3	18	98	28½	28¼	28½	−⅛
20⅛	8⅞	Rymer			5	55	18⅛	17½	18	−⅜
13⅞	11½	Rymer pf1.17		9.4		55	12½	12¼	12½	

Sales figures are unofficial. Yearly highs and lows reflect the *previous 52 weeks plus the current week*, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, July 25

[illegible]

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

[illegible]

Continued on Page 33

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Recovery as profit-taking slackens

THE PROFIT-TAKING that has been undermining Wall Street stocks showed signs of abating yesterday as blue chips staged a recovery from early falls, *writes Terry Byland in New York.*

Turnover in stocks remained high and institutional buyers moved back into the technology sector. The interest-related stocks, which have suffered severely this week, also steadied despite an unimpressive bond market.

By 3pm, the Dow Jones Industrial average was up 0.11 at 1,349.01.

Computer stocks brushed aside a batch of poor trading reports, which added nothing new to the market's perception of the industry's troubles.

Stock in Data General jumped $1¾ to $41⅛, with the disclosure of a loss for the third quarter removing market uncertainties.

Wang Laboratories rallied by $⅜ to $17⅞ after falling heavily at the close of the previous session when lower profits were confirmed. Amdahl held unchanged at $14½, also on results. Apple Computer, however, eased $⅛ to $16⅞ after forecasting lower Christmas sales.

These smaller stocks helped build a broad platform for recovery in the big name issues. At $130⅛, IBM gained $1 in brisk trading.

Digital Equipment rebounded $2⅛ to $104¼. Burroughs, $⅞ up at $64¼, and Honeywell, $⅞ up at $65⅞ also joined in the general recovery.

Texas Instruments at $29¾ was $½ up after signing an agreement with AT&T and British Telecom for a transatlantic satellite service.

Stock in ICI, traded in New York in the form of American Depositary, Receipts, tumbled $1½ to $37⅞, reflecting the fall in its London stock price following trading results.

Airline stocks were slow to rally from the falls of the past two sessions. Delta, the domestic carrier, edged up $¼ to $49⅝ on its increased earnings for the second quarter. But Pan Am at $6⅞, shed $⅛ and United, $½ off at $54, remained dull as Wall Street digested the damage to second-quarter profits caused by the pilots' strike.

Oils looked firmer after a major debt-rating agency decided to keep its ratings on Exxon and Atlantic Richfield unchanged, Exxon added $¼ to $53, while Atlantic Richfield jumped $1⅜ to $60⅜ in heavy turnover.

With results due from Ford and Chrysler, the Detroit auto stocks showed little change from overnight. General Motors eased $⅛ to $68¼.

Stock in Crown Zellerbach was suspended at the overnight price of $39 ahead of the announcement that Sir James Goldsmith, the Anglo-French financier, has taken control of the board.

Other active features included Warner-Lambert, the health care group, which plunged $4¼ to $39½, topping the active list after a major brokerage house doubted the prospects for Lopid, the group's experimental heart drug.

Also under presure in pharmaceuticals was Upjohn, which dipped $2⅞ to $114½ as speculative buyers baled out. The shares have been in demand because of hopeful prospects for the company's anti-baldness medication.

In the financial sector, BankAmerica remained unchanged at $17¼ after corporate executives were said to have confirmed plans to sell off most of its interests in Latin America and the Caribbean.

Other bank issues remained nervous despite forecasts from brokerage houses that the stocks will show further gains in the second half of the year.

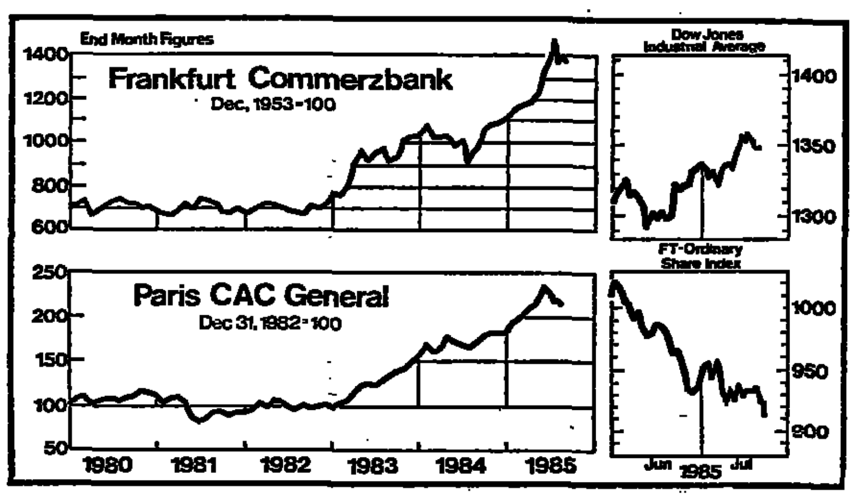
Bankers Trust added $½ to $67½, but J. P. Morgan, a favoured stock, gave up $1 to $49¾. At $58½, Chase Manhattan gave up $½ in light selling.

But the insurance sector steadied following its shakeout on Wednesday. General Reinsurance recouped $1 to stand at $85½, and both Ohio Casualty, $⅝ up at $64, and St Paul, $⅛ firmer at $70⅝, found some buyers.

Despite a favourable federal funds rate, which has settled below 7½ per cent this week, credit markets remained apathetic Treasury. Bill rates showed minor falls which were mirrored in the commercial money markets.

Bond prices eased cautiously, with investors still unsettled by the lack of presence in the markets from the Federal Reserve. Investors continue to await further signs of a rebound in the recovery which might begin to push interest rates higher again.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	July 25	Previous	Year ago
DJ Industrials	1,349.01*	1,348.90	1,086.57
DJ Transport	683.87*	688.90	444.03
DJ Utilities	157.88*	157.83	123.99
S&P Composite	191.56*	191.58	147.82
LONDON			
FT Ord	911.0	926.0	777.5
FT-SE 100	1,221.7	1,236.2	996.2
FT-A All-share	591.23	596.93	470.61
FT-A 500	642.84	649.78	506.95
FT Gold mines	330.2	369.3	514.0
FT-A Long gilt	10.19	10.17	11.29
TOKYO			
Nikkei-Dow	12,647.03	12,777.03	9,800.1
Tokyo SE	1,044.80	1,050.00	752.23
AUSTRALIA			
All Ord.	941.3	935.7	671.4
Metals & Mins.	559.4	545.7	406.2
AUSTRIA			
Credit Aktien	98.83	99.67	53.42
BELGIUM			
Belgian SE	2,316.44	2,314.89	—
CANADA			
Toronto			
Metals & Minls	2,072.1 *	2,042.68	1,641.0
Composite	2,789.20*	2,776.13	2,079.7
Montreal			
Portfolio	138.34*	137.82	100.36
DENMARK			
SE	n/a	213.64	185.32
FRANCE			
CAC Gen	216.0	218.3	159.4
Ind. Tendance	123.20	124.90	84.63
WEST GERMANY			
FAZ-Aktien	470.82	477.65	317.70
Commerzbank	1,384.1	1,403.5	917.7
HONG KONG			
Hang Seng	1,692.06	1,665.63	758.48
ITALY			
Banca Comm.	347.83	351.09	206.42
NETHERLANDS			
ANP-CBS Gen	219.6	219.1	146.9
ANP-CBS Ind	185.7	186.4	119.1
NORWAY			
Oslo SE	n/a	n/a	245.02
SINGAPORE			
Straits Times	771.76	774.73	870.89
SOUTH AFRICA	July 25	Prev	Yr ago
JSE Golds	–	880.4	856.7
JSE Industrials	–	997.6	843.6
SPAIN			
Madrid SE	closed	110.21	91.55
SWEDEN			
J & P	1,350.48	1,355.00	1,457.28
SWITZERLAND			
Swiss Bank Ind	467.0	466.5	354.5
WORLD	July 24	Prev	Year ago
Capital Int'l	220.6	221.8	164.6

GOLD (per ounce)

	July 25	Prev
London	$317.75	$318.25
Zürich	$317.55	$318.00
Paris (fixing)	$320.11	$319.48
Luxembourg	$319.75	$318.70
New York (Aug)	$319.60	$319.30

* Latest available figure

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	July 25	Previous	July 25	Previous
$	–	–	1.411	1.397
DM	2.864	2.8875	4.035	4.035
Yen	238.95	239.75	337.0	335.0
FFr	8.715	8.77	12.29	12.23
SwFr	2.3385	2.367	3.295	3.3075
Guilder	3.228	3.246	4.545	4.5375
Lira	1,918.5	1,923.0	2,697.5	2,694.0
BFr	57.6	58.1	81.3	81.05
C$	1.3493	1.3518	1.9054	1.8889

INTEREST RATES

Euro-currencies	July 25	Prev
(3-month offered rate)		
£	12	12
SwFr	5 3/16	5¼
DM	5 1/16	5⅛
FFr	10½	10¼
FT London Interbank fixing		
(offered rate)		
3-month U.S.$	8 3/16	8 3/16
6-month U.S.$	8 7/16	8⅜
U.S. Fed Funds	7½*	7 7/16
U.S. 3-month CDs	7.85*	7.75
U.S. 3-month T-bills	7.16*	7.22

U.S BONDS

Treasury	July 25*		Prev	
	Price	Yield	Price	Yield
8¼ 1987	99 27/32	8.578	99 7/32	8.94
10⅝ 1992	100 3/32	10.356	100 5/32	10.33
11¾ 1995	104 19/32	10.498	104 20/32	10.48
11¼ 2015	105 19/32	10.635	105 22/32	10.61
Corporate	July 25*		Prev	
AT & T	Price	Yield	Price	Yield
10⅜ June 1990	101	10.10	101	10.10
3⅞ July 1990	81	8.70	81	8.70
8¾ May 2000	83¾	11.00	83¾	11.00
Xerox				
10⅜ March 1993	97.10	11.20	97.10	11.20
Diamond Shamrock				
10⅜ May 1993	96.785	11.25	96.785	11.25
Federated Dept Stores				
10⅜ May 2013	83¾	11.00	83¾	11.00
Abbot Lab				
11.80 Feb 2013	101¼	11.65	101¼	11.65
Alcoa				
12¼ Dec 2012	100.75	12.15	100.75	12.15

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT)				
8% 32nds of 100%				
Sept	75–13	75–16	75–06	75–19
U.S. Treasury Bills (IMM)				
$1m points of 100%				
Sept	92.78	92.81	92.70	92.73
Certificates of Deposit (IMM)				
$1m points of 100%				
Sept	92.08	92.10	92.01	92.04
LONDON				
Three-month Eurodollar				
$1m points of 100%				
Sept	91.71	91.75	91.69	91.77
20-year Notional Gilt				
£50,000 32nds of 100%				
Sept	112–12	112–21	112–07	112–15

COMMODITIES

(London)	July 25	Prev
Silver (spot fixing)	432.95p	433.15p
Copper (cash)	£1,097.50	£1,084.00
Coffee (Sept)	£1,533.00	£1,521.50
Oil (spot Arabian light)	$27.05	$27.05

LONDON

Corrosive influence of ICI results

CORPORATE profit worries coupled with a strong warning on economic prospects from Britain's employers group sent blue chip industrials to new lows for the year in London.

*Double-figure losses became common*place across the board and the FT Ordinary share index ended 15 down at 911.0, its lowest level since early-December.

Disappointing mid-term figures from ICI emphasised recent fears of the unfavourable effect a stronger pound is having on the overseas earnings of many large trading groups.

ICI shed 30p to 660p and had a major impact on the FT Ordinary index. News of the UK trade deficit in June added to the prevailing mood of despondency.

South African gold mining and industrial shares took another pounding, the heaviest since the state of emergency was declared last week.

Government stocks were also caught in the day's depression. In light turnover, longer-dated issue eased to close ⅜ down while index-linked gilts, which were a highlight in Wednesday's dealing, held gains of about ¼.

Chief price changes, Page 33; Details, Page 32; Share information service, Pages 30–31

SINGAPORE

PROFIT-TAKING continued to push prices lower in Singapore although changes were modest. The Straits Times industrial index lost 2.97 to 771.76.

United Motors remained active, rising 4 cents to S$1.14 on a volume of 1.05m shares. Pahang shed 1½ cents to 63 cents and Sime Darby added 4 cents to S$1.88.

In other actives, Selangor Properties fell 7 cents to S$1.95 and Promet shed 4 *cents to S$1.21.*

Among industrials, Keppel slid 4 cents to S$1.31, Pan Electric 2 cents to S$2.23 and both Fraser and Neave and Genting 5 cents to S$5.45 and S$5.90, respectively.

HONG KONG

BRISK trading sent prices sharply higher in Hong Kong as the Hang Seng index, up 26.43 at 1,692.06, reached its highest level in almost four years.

Properties led the advance, boosted by the sale of a residential project on the island. Renewed speculation that Jardine Matheson may sell off some of its assets sent it 70 cents higher to HK$13.20.

Hongkong Land added 15 cents to HK$6.60, Cheung Kong 30 cents to HK$18.20, Hongkong Wharf 20 cents to HK$6.85 and New World 10 cents to HK$7.85.

Elsewhere, Hutchison Whampoa gained 40 cents to HK$27.20, Swire Pacific 30 cents to HK$26.30 and China Light 20 cents to HK$16.50.

SOUTH AFRICA

CONTINUED heavy selling of gold stocks by foreign investors, in response to the state of emergency and the French ban on South African investment, sent prices sharply lower.

However, some late buying saw shares recover strongly as the rand fell on foreign exchange markets.

Anglo American, which closed its Samcor car plant because of a week-old pay strike, eased 75 cents to R27.25.

In golds, Driefontein lost R3.25 to R37.25 and Buffels R1.50 to R50.50.

CANADA

ACTIVE TRADING sent prices higher in Toronto, shrugging off both a recent slump and losses on Wall Street.

Among actives, Magna International moved up C$¾ to C$21½, Stelco C$¼ to C$23¼, *Dome Petroleum 13 cents to* C$2.88 and Granagers 20 cents to C$4.60.

Against the trend, Alberta Energy lost C$¼ to C$18 and Barrick shed 7 cents to C$1.52.

Utilities in Montreal gained while losses were evident in some banks and industrials.

EUROPE

Holidays prove a distraction

A SLOWER PACE developed on the European bourses yesterday as summer holidays distracted many investors from the market and those that remained felt it prudent to adopt an understandably cautious wait-and-see approach.

The thinness of trading in Frankfurt *had the dual effect of stabilising some* sectors while magnifying the weakness in export-oriented shares that suffered earlier this week. The 19.4 drop in the Commerzbank index to 1,384.1 reflected the continued unsettled prospects of the carmakers, chemical blue chips and leading banks.

A further drop in domestic interest rates and the first issue of government stock with a coupon of less than 7 per cent since the end of 1978 had little impact on prices.

Madrid stock exchange was closed yesterday for a holiday

Porsche, with a particularly high exposure in the U.S. market, was unnerved again by the softer dollar and turned a further DM 20 lower to DM 1,285 after Wednesday's DM 15 setback. Others caught in the downturn were BMW, which finished DM 8.50 off at DM 402.00 and Daimler, which surrendered DM 6.50 more to DM 831.50 ex-dividend.

The move by foreign investors to sell Deutsche Bank took the group DM 13.50 lower to DM 561.00, while other banks fared somewhat better with Commerzbank DM 6.20 cheaper at DM 213.80 and Dresdner *DM 9* down at *DM 269.*

Chemicals managed to contain losses to below DM 3 as Hoechst dipped DM 2.40 to DM 212.80, while both BASF and Bayer lost DM 1.50 each to DM 215.00.

Lufthansa lost DM 2.50 to DM 219 ahead of the announcement that talks on the cut in state ownership of the airline will resume in the autumn.

Heavy bond turnover saw the long end of the market *managing gains of up* to 15 basis points, while shorts were mixed with movements amounting to 20 basis points either way. The Bundesbank sold DM 43.6m in paper after sales of DM 12m on Wednesday.

The central bank also announced details of the new state loan: a DM 2.5bn, 10-year stock with a coupon of 6¾ and issue price of 99.75 to give a yield at issue of 6.79 per cent. A *total of DM 1.875bn* will be offered for sale next week with the remainder retained for market regulation.

German call money rates fell through the 5 per cent level for the first time in more than two years and overnight cost funds were quoted yesterday morning between 4.80 and 4.90 per cent.

An early rally ran out of steam in Amsterdam although some internationals managed to hold their gains. The ANP-CBS index, which has a large international stock weighting, added 0.5 to 219.6.

Akzo, which scored an early Fl 1.20 advance, finished 20 cents cheaper at Fl 122.60, while steel group Hoogovens, which has found strong foreign support in recent days, encountered profit-taking and reversed an early 50-cent rise to close a net 70 cents weaker at Fl 66.70.

The bond market saw patchy support as holidays again distracted domestic investors.

Paris was hindered by a weak opening *that could not be shrugged off,* Oils met more sustained selling as Elf Aquitaine and Total plumbed new lows for the year: the former shed 90 centimes to FFr 184.10 and the latter FFr 3 to FFr 205.

Zurich adopted a calmer tone although banks and industrials were narrowly mixed or unchanged. Favourable prospects for the domestic economy and healthy local corporate results continued to underpin market sentiment.

Bonds were thinly traded again.

Recently active oils and chemicals retreated in a lacklustre Brussels.

Petrofina dipped BFr 10 to BFr 5,600 ahead of results while Solvay lost BFr 65 to BFr 4,460.

Stockholm tended lower as holidays distracted most operators.

AUSTRALIA

Golds shine in climb to records

RECORDS continued to be reached in Sydney, boosted by heavy investment in gold stocks.

The All Ordinaries index registered its fourth consecutive gain, rising 6.4 to 941.3. The gold index ended 85.3 higher at a record 1,031.1 after a 44 point rise on Wednesday.

Gold miners were in demand as European and U.S. interest withdrew funds from South Africa. Heavy buying was sparked yesterday by France's announcement to suspend investment in South Africa.

Central Norseman added 50 cents to A$9.30, Kidston 45 cents to A$5.20 and GMK 50 cents to A$10.50.

Bond Corporation announced late in the day an increase in its takeover offer for Castlemaine Tooheys from A$7.10 to A$7.50. Castlemaine fell 6 cents to A$7.60 on the news and Bond Corp added 5 cents to A$1.45.

TOKYO

Blue chips lead the way down

BLUE CHIP share prices retreated in Tokyo yesterday, notably electricals and precision instruments, with biotechnology-related issues leading the fall, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average shed 130 to 12,647.03. Volume swelled to 614M shares from Wednesday's 446m. Declines outnumbered advances by 540 to 283, with 128 issues unchanged.

The market was depressed by reports that Fujitsu would suffer a 16 per cent drop in consolidated profit in the current year – its first profit decline in five years.

Reports that the U.S. Senate would probably pass a trade bill seeking retaliation for unfair Japanese trade practices further unsettled sentiment.

Blue chips fell almost across the board in small-lot selling. Fujitsu lost Y7 to Y878, TDK Y150 to Y3,760 and Hitachi Y15 to Y685.

Major copier makers plunged on reports that the alleged dumping of Japanese plain paper photocopiers was gaining attention in Europe. Canon shed Y42 to Y903 and Ricoh Y41 to Y820. Olympus Optical declined Y41 to Y959.

Biotechnology-related stocks fared poorly, with Mochida Pharmaceutical scoring a daily limit loss of Y500 to Y10,640. Dainippon Pharmaceutical and Green Cross plummeted Y100 each to Y3.160 and Y2,060.

Buying interest in issues related to the Government's fiscal investments and loans programme weakened. Profit-taking trimmed *Wakachiku Construction* by Y14 to Y572 and Toyo Construction by Y11 to Y407.

Alarmed by sharp drops among blue chips and biotechnology-related stocks, investors moved to hunt large-capital stocks such as steels and shipbuildings. A 0.3 percentage point cut in the prime lending rate to 7.2 per cent effective Monday fuelled interest in these issues.

Nippon Steel topped the active list with 103.49m shares, rising Y5 to Y171. Mitsubishi Heavy Industries, the second busiest stock with 28.91m shares traded, gained Y13 to Y343. Ishikawajima-Harima, ranked third with 26.14m shares, advanced Y2 to Y183 and Nippon Yusen, fourth with 18.18m shares, Y18 to Y325.

Banks, which fared well the previous day, continued to attract strong buying interest.

Bond prices eased on small-lot selling by securities houses. The yield on 6.8 per cent coupon government bonds leaped to 6.340 per cent from the previous day's 6.310 per cent.